

ANNUAL FINANCIAL REPORT

CITY OF MONROE, LOUISIANA



Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 11-8-06

**For The Year Ended
April 30, 2006**

CITY OF MONROE
Financial Statements
As of and for the Year Ended April 30, 2006

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Independent Auditors' Report		1
Required Supplemental Information (Part A)		
Management's Discussion and Analysis		4
BASIC FINANCIAL STATEMENTS		
GOVERNMENT-WIDE FINANCIAL STATEMENTS		
Statement of Net Assets	A	14
Statement of Activities	B	15
FUND FINANCIAL STATEMENTS		
Balance Sheet – Governmental Funds	C	17
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Assets	D	18
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	E	19
Reconciliation of the Statement of Revenues, Expenditures, And Changes in Fund Balances – Governmental Funds to The Statement of Activities	F	21
Statement of Net Assets – Proprietary Funds	G	22
Statement of Revenues, Expenses, and Changes in Net Assets – Proprietary Funds	H	24
Statement of Cash Flows – Proprietary Funds	I	25
Statement of Net Assets – Fiduciary Funds	J	26
Statement of Changes in Fiduciary Net Assets – Fiduciary Funds	K	27
Combining Statement of Net Assets – All Discretely Presented Component Units	L	28
Combining Statement of Activities – All Discretely Presented Component Units	M	29

CITY OF MONROE
Financial Statements
As of and for the Year Ended April 30, 2006

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Notes to the Financial Statements		30
Required Supplemental Information (Part B)		
Budgetary Comparison Schedules:		
General Fund		65*
Capital Infrastructure - Special Revenue Fund		67*
OTHER SUPPLEMENTAL INFORMATION		
Non-Major Governmental Funds:		
Combining Balance Sheet		69*
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance		70*
Non-Major Special Revenue Funds:		
Combining Balance Sheet		72*
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance		77*
Non-Major Debt Service Funds:		
Combining Balance Sheet		83*
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance		84*
Non-Major Capital Projects Funds:		
Combining Balance Sheet		86*
Combining Schedule of Revenues, Expenditures, and Changes in Fund Balance		89*
Non-Major Enterprise Funds:		
Combining Schedule of Net Assets		94*
Combining Schedule of Revenues, Expenses, and Changes in Net Assets		95*
Combining Schedule of Cash Flows		96*

***Denotes Schedule**

CITY OF MONROE
Financial Statements
As of and for the Year Ended April 30, 2006

TABLE OF CONTENTS

	<u>Statement</u>	<u>Page</u>
Proprietary Fund Type - Internal Service Funds:		
Combining Schedule of Net Assets		98*
Combining Schedule of Revenues, Expenses, and Changes in Net Assets		99*
Combining Schedule of Cash Flows		100*
Schedule of Assessed Valuation and Ad Valorem Property Tax Levy		101*
Schedule of Ad Valorem Taxes Receivable		102*
Schedule of Insurance		103*
Schedule of Long-Term Obligations		106*
Schedule of Compensation Paid		109*
REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS AND OMB CIRCULAR A-133		
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Primary Government Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		111
Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		113
Schedule of Expenditures of Federal Awards		115*
Notes to Schedule of Expenditures of Federal Awards		116*
Schedule of Findings and Questioned Costs		118*
Summary Status of Prior Audit Findings		125
Report on Compliance With Requirements Applicable To the Passenger Facility Charge Program and On Internal Control Over Compliance		128
PFC Revenue and Disbursement Schedule – Monroe Regional Airport		130*

***Denotes Schedule**



(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

Luffey
Huffman
& Monroe

Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1983-2002)

INDEPENDENT AUDITORS' REPORT

**City of Monroe
Monroe, Louisiana**

We have audited the accompanying financial statements of the governmental activities, the business type activities, each major fund, the fiduciary funds, and the aggregate remaining fund information of the City of Monroe, Louisiana (the City) as of and for the year ended April 30, 2006, which collectively comprise the City's basic financial statements as listed in the accompanying table of contents pages 14 through 63. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Monroe City Court or the Monroe City Marshal, which represent the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the component unit columns, is based on the reports of the other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards for financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and the *Louisiana Governmental Audit Guide* issued by the Louisiana Legislative Auditor and the Louisiana Society of Certified Public Accountants. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinion.

The other auditors were unable to satisfy themselves as to the financial activities of the Fiduciary Fund Type for the Monroe City Court. The assets of the fiduciary funds of the Monroe City Court is included in the component units column of Statement J and represent 99% of total assets and total liabilities of the Component Units column.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, as might had been determined to be necessary had the other auditors been able to satisfy themselves as to the financial activities discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, the fiduciary funds, and the aggregate remaining fund information of the City as of April 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America

(318) 387-2672 • FAX (318) 322-8866 • www.lhm-cpas.com
1100 N 18th ST • PO Box 4745 • Monroe LA 71211-4745

MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS

**City of Monroe
Monroe, Louisiana**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 27, 2006 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis and the budgetary information on pages 4 through 12 and pages 65 through 67 respectively, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements on pages 14 through 63. The accompanying information listed as other supplemental information (including the schedule of expenditures of federal awards) and the budgetary comparison schedules listed as required supplementary information in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. This supplemental information is the responsibility of management of the City. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion is fairly presented in all material respects in relation to the basic financial statements taken as a whole. The accompanying schedule of expenditures of passenger facility charges on page 129 is presented for purposes of additional analysis as specified in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.



(A Professional Accounting Corporation)

October 27, 2006

BASIC FINANCIAL STATEMENTS

**REQUIRED SUPPLEMENTAL INFORMATION
(PART A)**

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006

As management of the City of Monroe (the City), we offer readers of the City of Monroe's financial statements this narrative overview and analysis of the financial activities of the City of Monroe for the fiscal year ended April 30, 2006. It is designed to assist the reader in focusing on significant financial issues, identify changes in the city's financial position, and identify material deviations and individual fund issues or concerns.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Government issued June 2001. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- The assets of the City of Monroe exceeded its liabilities at the close of the most recent fiscal year by \$210.6 million (*net assets*). Of this amount, a deficit of \$30.9 million (*unrestricted net assets*) represents the portion of net assets which is not invested in capital assets or otherwise restricted.
- The government's total net assets increased by \$4.4 million.
- As of the close of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$64.7 million an increase of \$7.3 million in comparison with the prior year. Of this total amount, \$11.2 million is in unreserved fund balance.
- At the end of the current fiscal year, approximately \$248,000 of the General Fund's fund balance was reserved for inventories and prepaid items; and \$258,000 was reserved for capital improvements.
- The City of Monroe's total debt decreased by approximately \$2.9 million during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Monroe's basic financial statements. The City of Monroe's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the City of Monroe's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Monroe's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006

decreases in net assets may serve as a useful indicator of whether the financial position of the City of Monroe is improving or deteriorating.

The statement of activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Monroe that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Monroe include general government, public safety, public works, planning and urban development, economic development, and culture and recreation. The business-type activities of the City of Monroe include an airport, public transportation system, civic center, zoo, livestock arena, water and sewer systems.

The government-wide financial statements include not only the City of Monroe itself (known as the primary government), but also a legally separate City Court and a legally separate City Marshal for which the City of Monroe is financially accountable. Financial information for these *component units* is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Monroe, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Monroe can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is more narrow than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006

statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City of Monroe maintains 92 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Capital Infrastructure Special Revenue Fund, Sales Tax Bonds Debt Service Fund, I-20 Corridor , Street Construction and Collection System Improvement Capital Projects Funds, all of which are considered to be major funds. Data from the other 86 governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Monroe adopts an annual appropriated budget for its General Fund, and special revenue funds. Budgetary comparison statements have been provided for the General Fund and the Capital Infrastructure Fund to demonstrate compliance with this budget.

Proprietary funds. The City of Monroe maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. An internal service fund is an accounting device used to accumulate and allocate costs internally among the City of Monroe's various functions. Because the internal service funds predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City of Monroe's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Monroe's compliance with budgets for its major funds. The combining statements for non-major governmental funds are presented immediately following the required supplementary information.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Monroe, assets exceeded liabilities by approximately \$210.7 million at the close of the most recent fiscal year.

By far the largest amount of the City of Monroe's net assets (\$306.2 million) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Monroe uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the City of Monroe's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

City of Monroe's Net Assets
April 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005 (Restated)	2006	2005 (Restated)	2006	2005 (Restated)
Assets						
Current and other assets	\$ 73,536,026	\$ 72,028,648	\$ 3,797,804	\$ 3,124,938	\$ 77,333,830	\$ 75,153,586
Capital Assets	179,873,160	181,469,073	126,364,989	124,255,946	306,238,149	305,725,019
Total Assets	<u>253,409,186</u>	<u>253,497,721</u>	<u>130,162,793</u>	<u>127,380,884</u>	<u>383,571,979</u>	<u>380,878,605</u>
Liabilities						
Current and other liabilities	8,262,454	10,407,287	2,047,666	1,669,399	10,310,120	12,076,686
Long-term liabilities	158,879,016	161,372,982	3,788,612	4,159,083	162,667,628	165,532,065
Total Liabilities	<u>167,141,470</u>	<u>171,780,269</u>	<u>5,836,278</u>	<u>5,828,482</u>	<u>172,977,748</u>	<u>177,608,751</u>
Net Assets						
Invested in capital assets, net of debt	121,217,553	119,832,071	67,089,612	64,408,857	188,307,165	184,240,928
Restricted	53,222,205	49,225,574	-	-	53,222,205	49,225,574
Unrestricted	(88,172,042)	(87,340,193)	57,236,904	57,143,545	(30,935,138)	(30,196,648)
Total Net Assets	<u>\$ 86,267,716</u>	<u>\$ 81,717,452</u>	<u>\$ 124,326,516</u>	<u>\$ 121,552,402</u>	<u>\$ 210,594,232</u>	<u>\$ 203,269,854</u>

The deficit of \$88.2 million in unrestricted net assets in the governmental activities represents the accumulated results of all past year's operations. The principal factors in the large unrestricted deficit are that the City has outstanding debt of approximately \$159 million as well as approximately \$121 million invested in capital assets. Capital assets and long term debt have historically not been reported in governmental funds, but under GASB 34 the reporting of these results in an unrestricted deficit in the governmental activities.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006

Governmental activities. Governmental activities increased the City of Monroe's net assets by approximately \$2.4 million. Key elements of the changes in net assets are as follows:

City of Monroe's Changes in Net Assets
For the years ended April 30, 2006 and 2005

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
Revenues:						
Program revenues:						
Charges for services	\$ 19,075,126	\$ 15,225,069	\$ 14,279,063	\$ 12,535,855	\$ 33,354,189	\$ 27,760,924
Operating grants and contributions	3,987,667	5,252,675	773,621	848,538	4,761,288	6,101,213
Capital grants and contributions	997,470	1,118,736	7,627,503	13,206,705	8,624,973	14,325,441
General Revenues:						
Property taxes	7,973,025	7,672,548	1,818,030	1,807,620	9,791,055	9,480,168
Sales taxes	53,540,943	46,023,057	-	-	53,540,943	46,023,057
Other taxes	848,270	74,305	-	-	848,270	74,305
Other general revenues	2,594,758	7,116,688	357,881	726,990	2,952,639	7,843,678
Total revenues	89,017,259	82,483,078	24,856,098	29,125,708	113,873,357	111,608,786
Expenses:						
General government	16,070,497	19,760,903	-	-	16,070,497	19,760,903
Public safety	30,427,433	25,752,110	-	-	30,427,433	25,752,110
Public works	18,959,905	14,423,815	-	-	18,959,905	14,423,815
Economic development	65,760	210,632	-	-	65,760	210,632
Planning and urban dev.	2,377,250	2,213,613	-	-	2,377,250	2,213,613
Culture and recreation	4,516,382	4,834,487	-	-	4,516,382	4,834,487
Interest on long term debt	6,884,774	7,213,922	26,563	43,968	6,911,337	7,257,890
Intergovernmental	6,017,371	17,656,025	-	-	6,017,371	17,656,025
Airport	-	-	1,683,441	1,556,739	1,683,441	1,556,739
Transit	-	-	3,493,426	3,227,216	3,493,426	3,227,216
Civic center	-	-	3,551,952	3,768,816	3,551,952	3,768,816
Zoo	-	-	1,545,929	1,668,348	1,545,929	1,668,348
Livestock arena	-	-	47,520	43,976	47,520	43,976
Water	-	-	6,154,207	4,990,606	6,154,207	4,990,606
Sewer	-	-	7,653,977	6,345,646	7,653,977	6,345,646
Total expenses	85,319,372	92,065,507	24,157,015	21,645,315	109,476,387	113,710,822
Increase (decrease) in net assets before transfers	3,697,887	(9,582,429)	699,083	7,480,393	4,396,970	(2,102,036)
Transfers	(1,285,790)	(139,617)	1,285,790	139,617	-	-
Increase (decrease) in net assets	\$ 2,412,097	\$ (9,722,046)	\$ 1,984,873	\$ 7,620,010	\$ 4,396,970	\$ (2,102,036)

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006

Governmental Activities

Expenses are classified by functions/programs. Public safety accounts for approximately \$30.4 million for fiscal year 2006. Other functions such as general government, public works, planning and urban development, culture and recreation and economic development totaled approximately \$41.9 million. The remaining costs represent payments for debt service and intergovernmental expenses totaling approximately \$13.0 million.

The related program revenues for fiscal 2006 directly related to these expenses totaled \$24.1 million, which resulted in net program expenses of \$61.3 million. The remaining balance of expenses represents the cost to the taxpayers. The costs of governmental activities exceeding restricted state and federal grants are paid primarily from the following sources:

- Sales tax revenues are the largest and most significant source of revenue for the City of Monroe. It provides approximately \$31.1 million of General Fund revenue.
- Property taxes are the second largest revenue source to the City, generating approximately \$7.5 million of General Fund revenue.

Business-type activities. Business-type activities increased the City of Monroe's net assets by approximately \$.7 million. Key elements of this increase are as follows:

- Sewer Fund activities increased net assets by approximately \$2.5 million.
- Water Fund activities decreased the City's net assets by approximately \$1.0 million.
- Monroe Transit System activities decreased the City's net assets by approximately \$.6 million.
- All other business-type activities decreased net assets by approximately \$0.2 million.

Financial Analysis of the Government's Funds

As noted earlier, the City of Monroe uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the City of Monroe's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of Monroe's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006

As of the end of the current fiscal year, the City of Monroe's governmental funds reported combined ending fund balances of \$64.7 million, an increase of \$7.3 million in comparison with the prior year. Approximately 17.6 percent of this total amount (\$11.4 million) constitutes unreserved fund balance. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed.

The general fund is the chief operating fund of the City of Monroe. At the end of the current fiscal year, fund balance of the general fund was approximately \$6.0 million of which approximately \$506,000 is reserved for capital improvements, inventories and prepaid items.

The fund balance of the City of Monroe's general fund increased by approximately \$4.4 million during the current fiscal year.

The special revenue funds have a total fund balance of \$13.1 million, of which approximately \$7.9 is reserved for debt service related to the Capital Infrastructure Sales Tax Fund.

The debt service funds have a total fund balance of \$12.2 million, all of which is reserved for the payment of debt service.

The capital project funds have a fund balance of approximately \$33.4 million of which approximately \$32.9 million is reserved for capital improvements.

General Fund Budgetary Highlights

In accordance with Louisiana Revised Statutes Title 39, Chapter 9, Louisiana Local Government Budget Act (LSA- R.S 39:1301 et seq), the City of Monroe must adopt a budget for the General Fund and all Special Revenue funds prior to April 30. The original budget for the City was adopted on April 12, 2005, and the final budget amendment was adopted on April 11, 2006.

Revenues: Revenues for the General Fund were projected to decrease during FY 2006 by \$2.8 million or 5.5% from the previous year. Property and Sales taxes were together projected to decrease by approximately \$872,000 from 2005. Half of the projected decrease was from a budgeted \$1.4 million decrease in franchise fees. Federal and state grant revenue accounted for in the General Fund was projected to decrease by approximately \$780,000. Budgeted transfers in to the General Fund also decreased by \$2.2 million.

Expenditures: Salaries and Benefits comprise 59% of the General Funds Appropriations. This includes a mandatory 2% increase in salaries for Public Safety which increases by approximately \$500,000 annually. The overall budgeted expenditures decreased from the prior year's budget by approximately \$1.2 million. Budgeted capital, debt service and community affairs expenditures were decreased by approximately \$2.0, while fire and police budgets increased by approximately \$1.0 million.

City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006

Capital Asset and Debt Administration

Capital assets. The City of Monroe's investment in capital assets for its governmental and business type activities as of April 30, 2006, amounts to approximately \$306 million (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges.

	Governmental Activities		Business-Type Activities		Totals	
	2006	2005 (Restated)	2006	2005 (Restated)	2006	2005 (Restated)
Land	\$ 17,340,361	\$ 17,340,361	\$ 5,542,940	\$ 5,542,940	\$ 22,883,301	\$ 22,883,301
Buildings and improvements	31,980,105	31,432,077	33,819,108	33,647,935	65,799,213	65,080,012
Furniture and equipment	27,194,011	27,298,795	15,677,949	13,746,329	42,871,960	41,045,124
Construction in progress	6,679,862	14,062,568	11,444,432	12,762,846	18,124,294	26,825,414
Infrastructure	135,973,434	125,726,270	140,409,891	133,685,385	276,383,325	259,411,655
Zoo animals	-	-	117,450	113,250	117,450	113,250
Total	219,167,773	215,860,071	207,011,770	199,498,685	426,179,543	415,358,756
Less: accumulated depreciation	(39,294,613)	(31,918,488)	(80,646,797)	(74,439,124)	(119,941,410)	(106,357,612)
Total Net Capital Assets	\$ 179,873,160	\$ 183,941,583	\$ 126,364,973	\$ 125,059,561	\$ 306,238,133	\$ 309,001,144

Major capital asset events during the current fiscal year included the following:

- Construction of sewer and water projects at an approximately total cost of \$6.7 million.
- Construction of I-20 Corridor projects of approximately \$2.3 million.
- Expenditures for a variety of street construction projects totaled \$7 million for the year.
- Drainage projects totaling \$1 million.
- Culture and recreation projects of approximately \$528,000.

**City of Monroe
Management's Discussion and Analysis (MD&A)
April 30, 2006**

**City of Monroe Outstanding Debt
April 30, 2006 and 2005**

	Governmental Activities		Business-Type Activities		Total	
	2006	2005	2006	2005	2006	2005
General Obligation Bonds	\$ 640,000	\$ 790,000	\$ -	\$ -	\$ 640,000	\$ 790,000
Tax Incremental Bonds	23,310,000	19,800,000	-	-	23,310,000	19,800,000
Certificates of Indebtedness	3,206,000	3,731,000	110,000	142,000	3,316,000	3,873,000
Sales Tax Bonds	113,912,886	115,878,686	2,486,403	2,486,403	116,399,289	118,365,089
Refunding Bonds	4,035,000	4,635,000	310,000	605,000	4,345,000	5,240,000
Revenue Anticipation Note	-	4,000,000	-	-	-	4,000,000
Claims and Judgments	6,076,089	4,794,924	-	-	6,076,089	4,794,924
Capital Lease	2,722,699	2,876,139	-	-	2,722,699	2,876,139
Compensated Absences	4,976,342	4,867,233	884,310	925,681	5,860,652	5,792,914
Total	\$158,879,016	\$161,372,982	\$ 3,790,713	\$ 4,159,084	\$162,669,729	\$165,532,066

The City of Monroe's total debt decreased by approximately \$2.9 million (1.7%) during the current fiscal year.

Economic Factors and Next Year's Budgets and Rates

The City of Monroe continued to take a conservative approach as it prepared the 2007 Budget. As people begin to return to the southern part of the state after last year's hurricanes, the City expects sales tax revenues to level off. As with last year, the City again faces the loss of another major business. The effects of this closure are unknown, but sales tax is certainly expected to be affected as the unemployment rate increases. However, the City is committed to aggressive economic development, with at least one new major retail development underway.

Requests for Information

This financial report is designed to provide a general overview of the City of Monroe's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director of Administration, The City of Monroe, 400 Lea Joyner Memorial Expressway, Monroe, LA, 71210.

**GOVERNMENT-WIDE
FINANCIAL STATEMENTS**

City of Monroe
Monroe, Louisiana
Statement of Net Assets

April 30, 2006

	Primary Government			Component Units
	Governmental Activities	Business-Type Activities	Total	
ASSETS:				
Cash and cash equivalents	\$ 51,490,349	\$ 895,321	\$ 52,385,670	\$ 652,242
Investments	11,237,418	-	11,237,418	-
Receivables	7,835,971	2,154,090	9,990,061	26,195
Internal balances	(82,701)	82,701	-	-
Inventories	143,920	547,532	691,452	-
Prepaid expenses	801,517	98,927	900,444	-
Bond issuance costs	2,109,552	21,350	2,130,902	-
Capital assets, net	179,873,160	126,364,973	306,238,133	325,784
Total Assets	\$ 253,409,186	\$ 130,164,894	\$ 383,574,080	\$ 1,004,221
LIABILITIES:				
Accounts payables and accrued expenses	\$ 3,476,220	\$ 645,523	\$ 4,121,743	\$ 46,958
Accrued payroll related liabilities	1,980,774	-	1,980,774	-
Deferred revenues	678,492	137,151	815,643	-
Deposits due others	-	23,598	23,598	-
Customer deposits	-	1,219,606	1,219,606	-
Other current liabilities	130,051	14,812	144,863	-
Accrued interest payable	1,996,917	6,975	2,003,892	-
Noncurrent Liabilities:				
Due within one year	6,771,707	344,000	7,115,707	2,324
Due in more than one year	152,107,309	3,446,712	155,554,021	3,440
Total Liabilities	167,141,470	5,838,377	172,979,847	52,722
NET ASSETS:				
Invested in capital assets, net of related debt	121,217,553	67,089,612	188,307,165	320,020
Restricted for:				
Capital Improvement	41,027,099	-	41,027,099	-
Debt service	12,195,106	-	12,195,106	-
Unrestricted	(88,172,042)	57,236,904	(30,935,138)	631,479
Total Net Assets	\$ 86,267,716	\$ 124,326,516	\$ 210,594,232	\$ 951,499

The notes to the financial statements are an integral part of this statement.

City of Monroe
Monroe, Louisiana

Statement of Activities
For the Year Ended April 30, 2006

	Program Revenues				Net (Expenses) Revenues and Changes in Net Assets			Component Units
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Governmental		Total	
					Governmental Activities	Business-type Activities		
Primary government								
Governmental activities								
General government	\$ 15,953,454	\$ 14,299,137	\$ 138,592	\$ -	\$ (1,515,725)	\$ -	\$ (1,515,725)	\$ -
Public safety	30,427,433	292,092	2,219,829	410,261	(27,505,251)	-	(27,505,251)	-
Public works	18,959,905	3,484,835	-	221,153	(15,253,917)	-	(15,253,917)	-
Culture and recreation	4,516,382	675,150	224,613	192,410	(3,424,209)	-	(3,424,209)	-
Planning and urban development	2,377,250	297,951	1,386,145	95,495	(597,659)	-	(597,659)	-
Economic development	65,760	25,961	18,488	78,151	56,840	-	56,840	-
Debt service interest and fees	6,730,750	-	-	-	(6,730,750)	-	(6,730,750)	-
Capital lease interest	154,024	-	-	-	(154,024)	-	(154,024)	-
Judgments	117,043	-	-	-	(117,043)	-	(117,043)	-
Intergovernmental expenditures	6,017,371	-	-	-	(6,017,371)	-	(6,017,371)	-
Total governmental activities	85,319,372	19,075,126	3,987,667	997,470	(61,259,109)	-	(61,259,109)	-
Business-type activities								
Airport	1,683,441	1,456,303	-	328,685	-	101,547	101,547	-
Transit	3,493,426	512,702	773,527	1,610,132	-	(597,065)	(597,065)	-
Civic Center	3,560,472	2,165,782	-	117,526	-	(1,277,164)	(1,277,164)	-
Zoo	1,545,929	387,469	94	-	-	(1,158,366)	(1,158,366)	-
Livestock arena	47,530	13,041	-	-	-	(34,479)	(34,479)	-
Water	6,154,207	4,972,888	-	151,318	-	(1,030,001)	(1,030,001)	-
Sewer	7,672,020	4,770,878	-	5,419,842	-	2,518,700	2,518,700	-
Total business-type activities	34,157,015	14,279,063	773,621	7,627,503	-	(1,476,828)	(1,476,828)	-
Total primary government	109,476,387	33,354,189	4,761,288	8,624,973	(61,259,109)	(1,476,828)	(62,735,937)	-
Component units								
City Court	221,220	332,641	-	-	-	-	-	111,421
City Marshal	205,883	238,814	-	-	-	-	-	32,931
Total component units	\$ 427,103	\$ 571,455	\$ -	\$ -	-	-	-	144,352
General revenues:								
Ad valorem taxes					7,973,025	1,818,030	9,791,055	-
Sales taxes					53,540,943	-	53,540,943	-
Other taxes					848,270	-	848,270	-
Interest and investment earnings					2,033,506	22	2,033,528	18,401
Gain on sale of capital assets					222,284	-	222,284	-
Miscellaneous					338,968	357,858	696,826	31,439
Transfers					(1,285,790)	1,285,790	-	-
Total general revenues and separate line items					63,671,206	3,461,700	67,132,906	49,840
Changes in net assets					2,412,097	1,984,872	4,396,969	194,192
Net assets - beginning					81,713,452	121,552,402	203,269,854	757,307
Restatement (Note 19)					2,138,167	789,242	2,927,409	-
Net assets at beginning of year-Restated					83,855,619	122,341,644	206,197,263	757,307
NET ASSETS AT END OF YEAR					\$ 86,267,716	\$ 124,326,516	\$ 210,594,232	\$ 951,499

The accompanying notes are an integral part of this statement

FUND FINANCIAL STATEMENTS

City of Monroe
Monroe, Louisiana
Balance Sheet
Governmental Funds

April 30, 2006

Major Funds

	Major Funds							Total
	Special Revenue	Debt Service		Capital Projects		Collection System Improvements	Other Governmental Funds	
	General	Capital Infrastructure	Sales Tax Bond	1-20 Corridor	Street Construction			
ASSETS								
Cash and cash equivalents	\$ 4,203,002	\$ 5,562,992	\$ 3,825,556	\$ 10,128,508	\$ 4,375,282	\$ 6,742,315	\$ 16,123,064	\$ 50,960,719
Investments	-	-	2,082,081	-	9,155,337	-	-	11,237,418
Receivables								
Ad valorem taxes	561,861	-	-	-	-	-	16,582	578,443
Sales taxes	2,538,687	1,033,329	-	-	-	-	1,344,413	4,916,429
Other receivables	504,676	-	-	-	-	-	1,506,314	2,010,990
Due from other funds	469,191	1,290,330	-	-	-	-	1,837,348	3,596,869
Inventories	100,070	-	-	-	-	-	-	100,070
Prepaid expenses & other assets, net	147,909	-	-	-	-	-	653,606	801,515
Total Assets	\$ 8,525,396	\$ 7,886,651	\$ 5,907,637	\$ 10,128,508	\$ 13,530,619	\$ 6,742,315	\$ 21,481,327	\$ 74,202,453

LIABILITIES AND FUND BALANCES

Liabilities								
Accounts and retainage payable	\$ 710,943	\$ 197	\$ 646,564	\$ 168,820	\$ 370,792	\$ 872,373	\$ 603,523	\$ 3,373,212
Accrued payroll related liabilities	1,059,552	-	-	-	-	-	-	1,059,552
Due to other funds	216,189	20,631	-	146,070	273,714	940,312	2,082,648	3,679,564
Deferred revenue	562,936	-	-	-	-	-	695,074	1,258,010
Other current liabilities	-	-	-	-	-	-	130,049	130,049
Total Liabilities	2,549,620	20,828	646,564	314,890	644,506	1,812,685	3,511,294	9,500,387
Fund Balances								
Reserved for:								
Debt service	-	-	5,261,073	-	-	-	6,934,033	12,195,106
Inventories and prepaids	247,979	-	-	-	-	-	-	247,979
Capital improvements	258,000	7,865,823	-	9,813,618	12,886,113	4,929,630	5,273,915	41,027,099
Unreserved/undesignated	5,469,797	-	-	-	-	-	5,762,085	11,231,882
Total Fund Balances	5,975,776	7,865,823	5,261,073	9,813,618	12,886,113	4,929,630	17,970,033	64,702,066
Total Liabilities and Fund Balances	\$ 8,525,396	\$ 7,886,651	\$ 5,907,637	\$ 10,128,508	\$ 13,530,619	\$ 6,742,315	\$ 21,481,327	\$ 74,202,453

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
Monroe, Louisiana
Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets
April 30, 2006

Fund balances - total governmental funds	\$	64,702,066	
Amounts reported for governmental activities are not financial resources and, therefore, are not reported in the governmental funds			
Governmental capital assets		215,391,552	
Less: accumulated depreciation		<u>(38,452,592)</u>	176,938,960
Assets used in governmental activities that are not financial resources and, therefore, are not reported in the governmental funds			
Deferred bond issuance costs			2,109,552
Some revenues were collected more than sixty days after year-end and, therefore, are not available soon enough to pay for current-period expenditures			
Deferred property taxes - General Fund		562,936	
Deferred property tax - City Court Debt Service		16,582	
Sales tax increment - I-20 Corridor		198,730	
Sales tax increment - Tower Drive		<u>79,485</u>	857,733
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported in the governmental funds			
Accrued interest payable		(1,996,917)	
Bonds payable		(144,595,978)	
Compensated absences payable		(4,976,342)	
Obligation under capital leases		(2,722,699)	
Claims and judgments payable		<u>(6,076,089)</u>	(160,368,025)
Internal service funds are used by management to account for the provision of repair and maintenance services and motor fuels to various City departments. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets:			
Cash and cash equivalents		529,607	
Receivables		51,905	
Inventories		43,850	
Capital assets, net		2,934,201	
Accounts payable and accrued expenses		(1,024,225)	
Long-term liabilities:			
Due within one year		(162,400)	
Due in more than one year		<u>(345,508)</u>	<u>2,027,430</u>
Net assets of governmental activities	\$		<u>86,267,716</u>

City of Monroe
Monroe, Louisiana
Statement of Revenues, Expenditures, and
Changes in Fund Balances
Governmental Funds

For the Year Ended April 30, 2006

	Special Revenue		Major Debt Service
	General	Capital Infrastructure	Sales Tax Bond
REVENUES			
Taxes			
Ad valroom	\$ 7,482,019	\$ -	\$ -
Other	69,266	-	-
Sales	31,086,090	12,974,724	-
Fees, charges and commissions for services	7,067,603	-	-
Use of money and property	398,702	161,606	139,479
Other revenues	253,081	802	-
Fines and Forfeitures	655,882	-	-
Intergovernmental	190,783	-	-
Federal Grants	396,955	-	-
State Grants	1,377,255	-	-
Licenses, permits, and assessments	3,539,144	-	-
Total Revenues	<u>52,516,780</u>	<u>13,137,132</u>	<u>139,479</u>
EXPENDITURES			
Current:			
General Government			
Legislative	280,630	-	-
Judicial	2,499,995	-	-
Executive	419,077	-	-
Financial Administration	5,464,472	88	-
Public Safety	-	-	-
Police	10,944,499	-	-
Fire	10,756,442	-	-
Public Works	8,452,632	1,029,462	-
Culture - Recreation	3,870,300	-	-
Planning and urban development	837,989	-	-
Economic Development and Assistance	-	-	-
Capital Outlay	456,607	-	-
Debt Service:			
Debt Service Principle	123,200	-	3,495,000
Debt Service Interest and fees	260,872	-	5,262,252
Capital Lease Principle	398,439	-	-
Capital Lease Interest	154,024	-	-
Judgments	117,043	-	-
Total Expenditures	<u>45,036,221</u>	<u>1,029,550</u>	<u>8,757,252</u>
Excess (deficiency) of revenues over expenditures	<u>7,480,559</u>	<u>12,107,582</u>	<u>(8,617,773)</u>
Other Financing Sources (Uses)			
Bond Proceeds	-	-	-
Proceeds on Sale of Assets	384,210	-	-
Transfers in	1,489,607	5,886,040	8,803,168
Transfers out	(4,923,588)	(12,091,166)	-
Total Other Financing Sources (Uses)	<u>(3,049,771)</u>	<u>(6,205,126)</u>	<u>8,803,168</u>
Net changes in fund balances	4,430,788	5,902,456	185,395
Fund balances - beginning of year	<u>1,544,988</u>	<u>1,963,367</u>	<u>5,075,678</u>
Restatement (Note 19)	-	-	-
FUND BALANCES AT END OF YEAR	<u>\$ 5,975,776</u>	<u>\$ 7,865,823</u>	<u>\$ 5,261,073</u>

The notes to the financial statements are an integral part of this statement.

Statement E

Funds				
Capital Projects				
I-20 Corridor	Street Construction	Collection System Improvements	Other Governmental Funds	Total
\$ -	\$ -	\$ -	\$ 222,417	\$ 7,704,436
-	-	-	-	69,266
-	-	-	9,474,898	53,535,712
-	-	-	554,747	7,822,350
223,645	470,744	294,599	515,185	2,203,960
80,301	-	-	190,812	524,996
-	-	-	94,735	750,617
-	-	-	-	190,783
-	-	-	2,672,685	3,069,640
-	-	-	414,525	1,791,830
-	-	-	-	3,539,144
<u>303,946</u>	<u>470,744</u>	<u>294,599</u>	<u>14,140,054</u>	<u>81,002,734</u>
-	-	-	-	280,630
-	-	-	136,722	2,636,717
-	-	-	-	419,077
276,115	-	-	253,724	5,994,399
-	-	-	-	-
-	-	-	4,151,071	15,095,570
-	-	-	3,297,745	14,054,187
38,739	-	-	861,764	10,382,597
-	-	-	282,601	4,152,901
-	-	-	1,540,088	2,378,077
-	-	-	80,761	80,761
1,245,207	1,509,024	5,419,843	1,370,433	10,001,114
-	-	-	2,240,000	5,858,200
-	-	-	1,207,625	6,730,749
-	-	-	-	398,439
-	-	-	-	154,024
-	-	-	-	117,043
<u>1,560,061</u>	<u>1,509,024</u>	<u>5,419,843</u>	<u>15,422,534</u>	<u>78,734,485</u>
<u>(1,256,115)</u>	<u>(1,038,280)</u>	<u>(5,125,244)</u>	<u>(1,282,480)</u>	<u>2,268,249</u>
5,000,000	-	847,626	681,544	6,529,170
-	-	-	-	384,210
3,530	-	1,962,292	4,662,610	22,807,247
(486,637)	(384,077)	(3,365,828)	(3,395,307)	(24,646,603)
<u>4,516,893</u>	<u>(384,077)</u>	<u>(555,910)</u>	<u>1,948,847</u>	<u>5,074,024</u>
3,260,778	(1,422,357)	(5,681,154)	666,367	7,342,273
<u>6,909,835</u>	<u>14,308,470</u>	<u>10,610,784</u>	<u>17,303,666</u>	<u>57,716,788</u>
<u>(356,995)</u>	-	-	-	<u>(356,995)</u>
\$ <u>9,813,618</u>	\$ <u>12,886,113</u>	\$ <u>4,929,630</u>	\$ <u>17,970,033</u>	\$ <u>64,702,066</u>

CITY OF MONROE
Monroe, Louisiana
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balances
of Governmental Funds
to the Statement of Activities
For the Year Ended April 30, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - total governmental funds		\$ 7,342,273
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense		
Capital outlay (net of \$6,017,371 capital contributions to business activities)	3,983,746	
Depreciation expense	<u>(7,859,571)</u>	(3,875,825)
The net effect of various miscellaneous transactions involving capital assets, such as sales and trade-ins:		
Capital assets (cost \$746,613 less accumulated depreciation \$584,687)	(161,926)	
Proceeds for sale	384,210	
Gain (loss) on sales	<u>(384,210)</u>	(161,926)
Some revenues will not be collected for several months after year-end; therefore, they are not considered "available" revenues in the governmental funds		
Property tax revenue - General Fund	260,919	
Property tax revenue - City Court Debt Service	7,669	
Sales tax increment - I-20 Corridor	6,502	
Sales tax increment - Tower Drive	<u>(1,275)</u>	273,815
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities		
Deferred bond issuance costs	291,507	
Amortization of bond issuance costs	(253,186)	
Principal payments	6,103,200	
Proceeds for bonds and certificates	(6,529,173)	
Capital lease payments	<u>153,440</u>	(234,212)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Accrued interest payable	423,307	
Compensated absences payable	(109,109)	
Claims and judgments payable	<u>(1,281,165)</u>	(966,967)
Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities.		
		<u>34,939</u>
Change in net assets of governmental activities		\$ <u>2,412,097</u>

The notes to the financial statements are an integral part of this statement.

CITY OF MONROE
MONROE, LOUISIANA

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
APRIL 30, 2006

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Monroe Regional Airport	Monroe Civic Center	Water Fund	Sewer Fund	Other Enterprise Funds	Total	
ASSETS							
Current assets:							
Cash and cash equivalents	\$ 800	\$ 10,945	\$ 855,050	\$ 25,028	\$ 3,500	\$ 895,323	\$ 529,607
Ad valorem taxes receivable	-	68,263	-	-	68,263	136,526	-
Accounts receivable - net	69,536	110,575	191,807	790,924	854,722	2,017,564	51,905
Due from other funds	-	111,428	1,865,061	14,200	-	1,990,689	-
Prepaid items	14,152	79,615	-	-	5,159	98,926	-
Inventory	-	-	487,010	-	60,506	547,516	43,850
Bond issuance costs	-	-	-	21,349	-	21,349	-
Total current assets	84,488	380,826	3,398,928	851,501	992,150	5,707,893	625,362
Capital assets:							
Non-depreciable	4,599,645	993,540	284,374	10,961,575	265,689	17,104,823	45,000
Depreciable	23,296,680	13,402,257	39,295,183	101,792,222	12,120,621	189,906,963	3,731,223
Total capital assets	27,896,325	14,395,797	39,579,557	112,753,797	12,386,310	207,011,786	3,776,223
Accumulated depreciation	13,766,837	7,997,953	19,386,456	31,539,529	7,956,021	80,646,796	842,022
Net capital assets	14,129,488	6,397,844	20,193,101	81,214,268	4,430,289	126,364,990	2,934,201
Total assets	\$ 14,213,976	\$ 6,778,670	\$ 23,592,029	\$ 82,065,769	\$ 5,422,439	\$ 132,072,883	\$ 3,559,563

(Continued)

The accompanying notes are an integral part of this statement.

CITY OF MONROE
MONROE, LOUISIANA

STATEMENT OF NET ASSETS (CONCLUDED)
PROPRIETARY FUNDS
APRIL 30, 2006

	Business-type Activities - Enterprise Funds						Governmental Activities Internal Service Funds
	Monroe Regional Airport	Monroe Civic Center	Water Fund	Sewer Fund	Other Enterprise Funds	Total	
LIABILITIES							
Current liabilities:							
Accounts and retainage payable	\$ 47,848	\$ 55,182	\$ 207,838	\$ 260,733	\$ 76,423	\$ 648,024	\$ 103,002
Due to other funds	-	-	60,400	1,845,831	1,756	1,907,987	-
Deferred revenue	-	68,263	-	-	68,888	137,151	-
Customer deposits (net)	-	23,599	1,219,607	-	-	1,243,206	-
Current portion of long-term debt	-	34,000	-	-	-	34,000	162,400
Other current liabilities	12,312	-	-	-	-	12,312	921,223
Total current liabilities	60,160	181,044	1,487,845	2,106,564	147,067	3,982,680	1,186,625
Liabilities payable from restricted assets:							
Accrued interest payable	-	-	-	6,975	-	6,975	-
Current portion of revenue bonds payable	-	-	-	310,000	-	310,000	-
Total restricted liabilities	-	-	-	316,975	-	316,975	-
Noncurrent liabilities:							
Bonds payable	-	76,000	-	-	-	76,000	345,508
Compensated absences payable	68,754	94,169	215,827	216,830	288,730	884,310	-
Notes payable - DEQ	-	-	-	2,486,402	-	2,486,402	-
Total noncurrent liabilities	68,754	170,169	215,827	2,703,232	288,730	3,446,712	345,508
Total liabilities	128,914	351,213	1,703,672	5,126,771	435,797	7,746,367	1,532,133
NET ASSETS							
Invested in capital assets, net of related debt	14,129,485	6,492,588	17,056,850	56,900,756	4,430,289	99,009,968	2,426,292
Unrestricted	(44,423)	(65,131)	4,831,507	20,038,242	556,353	25,316,548	(398,862)
TOTAL NET ASSETS	\$ 14,085,062	\$ 6,427,457	\$ 21,888,357	\$ 76,938,998	\$ 4,986,642	\$ 124,326,516	\$ 2,027,430

CITY OF MONROE
MONROE, LOUISIANA

STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
PROPRIETARY FUNDS
APRIL 30, 2006

	Business-type Activities - Enterprise Funds					Total	Governmental Activities Internal Service Funds
	Monroe Regional Airport	Monroe Civic Center	Water Fund	Sewer Fund	Other Enterprise Funds		
OPERATING REVENUES							
Charges for services	\$ 1,150,255	\$ 2,166,993	\$ 4,972,888	\$ 4,765,139	\$ 887,307	\$ 13,942,582	\$ 7,517,742
Miscellaneous revenues	306,173	-	349,485	5,740	35,470	696,868	-
Total operating revenues	<u>1,456,428</u>	<u>2,166,993</u>	<u>5,322,373</u>	<u>4,770,879</u>	<u>922,777</u>	<u>14,639,450</u>	<u>7,517,742</u>
OPERATING EXPENSES							
Personal services	506,031	980,867	1,744,711	1,719,192	2,618,417	7,569,218	658,078
Benefits paid to participants	-	-	-	-	-	-	5,228,194
Materials, repairs and supplies	155,207	82,512	1,934,056	598,756	956,545	3,727,076	1,911,365
Utilities and communications	158,782	437,734	809,192	827,879	183,657	2,417,234	46,557
Depreciation and amortization	643,112	442,090	954,314	3,397,543	782,806	6,219,865	101,241
Insurance	15,439	151,559	3,561	-	256,530	427,089	-
Promoter's expenses	-	1,095,143	-	-	35,258	1,120,401	-
Other operating expenses	204,870	364,489	708,374	1,110,608	263,663	2,652,004	74,605
Total operating expenses	<u>1,683,441</u>	<u>3,554,384</u>	<u>6,154,308</u>	<u>7,653,978</u>	<u>5,086,876</u>	<u>24,132,887</u>	<u>8,020,040</u>
Operating income (loss)	(227,013)	(1,387,391)	(831,935)	(2,883,099)	(4,164,099)	(9,493,437)	(502,298)
NONOPERATING REVENUES (EXPENSES)							
Ad valorem taxes	-	909,015	-	-	909,015	1,818,030	-
Grants	-	-	-	-	1,941,717	1,941,717	-
Investment earnings	-	-	23	-	-	23	6,486
Interest expense	-	(8,520)	-	(18,043)	-	(26,563)	(22,817)
Loss on impairment of assets	-	-	-	-	-	-	-
Gain (loss) on disposition of capital assets	-	-	-	-	-	-	-
Total nonoperating revenues (expenses)	-	<u>900,495</u>	<u>23</u>	<u>(18,043)</u>	<u>2,850,732</u>	<u>3,733,207</u>	<u>(16,331)</u>
Income (loss) before contributions and transfers	(227,013)	(486,896)	(851,912)	(2,901,142)	(1,313,367)	(5,760,230)	(518,629)
Capital contributions	328,685	117,526	151,318	5,419,842	441,942	6,459,313	-
Transfers in	-	129,760	-	-	2,560,784	2,690,544	553,564
Transfers out	(404,756)	-	(500,000)	(500,000)	-	(1,404,756)	-
Changes in net assets	(303,084)	(239,610)	(1,180,494)	2,018,700	1,689,359	1,984,871	34,935
Net assets at beginning of year	14,381,294	6,667,067	22,748,469	74,458,289	3,297,283	121,552,402	1,992,495
Restatement (Note 19)	6,852	-	320,382	462,009	-	789,243	-
Net assets beginning of year (as restated)	<u>14,388,146</u>	<u>6,667,067</u>	<u>23,068,851</u>	<u>74,920,298</u>	<u>3,297,283</u>	<u>122,341,645</u>	<u>1,992,495</u>
Net assets end of year	\$ <u>14,085,062</u>	\$ <u>6,427,457</u>	\$ <u>21,888,357</u>	\$ <u>76,938,998</u>	\$ <u>4,986,642</u>	\$ <u>124,326,516</u>	<u>2,027,430</u>

The accompanying notes are an integral part of this statement

CITY OF MONROE
Monroe, Louisiana

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED APRIL 30, 2006

	Business Type Activities Enterprise Funds					TOTAL	Governmental Activities Internal Service Fund
	MONROE REGIONAL AIRPORT	MONROE CIVIC CENTER	WATER FUND	SEWER FUND	OTHER ENTERPRISE FUNDS		
Cash flows from operating activities							
Cash received from customers	\$ 1,428,379	\$ 1,963,405	\$ 4,864,305	\$ 4,672,848	\$ 96,379	\$ 13,025,316	\$ 8,665,891
Cash payments to suppliers for goods and services	(501,331)	(4,518,476)	(3,189,102)	(1,875,363)	(1,615,073)	(11,699,345)	(2,019,423)
Cash payments to participants for insurance benefits	-	-	-	-	-	-	(6,390,562)
Cash payments to employees for services and benefits	(503,158)	(969,386)	(1,724,211)	(1,754,341)	(2,659,491)	(7,610,589)	(658,078)
Net cash provided by (used for) operating activities	423,890	(3,524,457)	(49,008)	1,043,142	(4,178,185)	(6,284,618)	(402,172)
Cash flows from noncapital financing activities							
Operating grants	-	-	-	-	773,527	773,527	-
Ad valorem taxes	-	909,015	-	-	909,015	1,818,030	-
Transfers in	-	129,760	-	-	2,560,786	2,690,546	553,564
Transfers out	(404,758)	-	(500,000)	(500,000)	-	(1,404,758)	-
Net cash provided by (used for) noncapital financing activities	(404,758)	1,038,775	(500,000)	(500,000)	4,343,328	3,877,345	553,564
Cash flows from capital and related financing activities							
Capital grants	-	-	-	-	1,168,190	1,168,190	-
Acquisition of capital assets	426,430	(17,525)	(190,396)	(6,105,423)	(1,233,333)	(7,120,259)	(56,254)
Cash contributed by City of Monroe	(445,562)	117,526	486,072	5,881,851	-	6,039,887	-
Principal paid on debt	-	(32,000)	-	(295,000)	-	(327,000)	(156,800)
Interest paid on debt	-	(8,520)	-	(24,558)	-	(33,078)	(22,817)
Net cash (used for) financing activities	(19,132)	59,481	295,676	(543,142)	(65,143)	(272,260)	(235,871)
Cash flows from investing activities							
Interest received on investments	-	-	-	-	-	-	6,486
Net cash provided by investing activities	-	-	-	-	-	-	6,486
Net (decrease) in cash and cash equivalents	-	(2,426,201)	(253,332)	-	-	(2,679,533)	(77,993)
Cash and cash equivalents, May 1, 2005	800	2,437,146	1,108,382	25,028	3,500	3,574,856	607,600
Cash and cash equivalents, April 30, 2006	\$ 800	\$ 10,945	\$ 855,050	\$ 25,028	\$ 3,500	\$ 895,323	\$ 529,607
Reconciliation of operating income to net cash provided by (used for) operating activities							
Operating (loss)	\$ (227,013)	\$ (1,387,391)	\$ (831,835)	\$ (2,883,099)	\$ (4,164,099)	\$ (9,493,437)	\$ (502,298)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities							
Depreciation and amortization	643,112	442,090	954,314	3,397,543	782,806	6,219,865	101,241
Change in assets and liabilities							
Accounts receivable	(27,586)	(129,516)	46,755	(83,831)	(861,046)	(1,055,234)	1,095,514
Due from other funds	-	(111,427)	(327,738)	(14,200)	865	(652,500)	52,635
Inventories	-	-	84,251	-	75,104	159,355	46,665
Prepaid expenses	-	22,245	3,561	12,180	3,288	41,274	-
Accounts payable	31,656	16,271	117,912	131,408	(7,284)	289,963	(810,568)
Due to other funds	-	(2,425,566)	60,399	518,292	(528)	(1,847,403)	(385,361)
Deferred revenue	(463)	37,099	-	-	31,284	67,920	-
Customer deposits	-	257	22,873	-	-	23,130	-
Other current liabilities	1,312	-	-	-	2,500	3,812	-
Compensated absences	2,872	11,481	20,580	(35,151)	(41,075)	(41,373)	-
Net cash provided by (used for) operating activities	\$ 423,890	\$ (3,524,457)	\$ (49,008)	\$ 1,043,142	\$ (4,178,185)	\$ (6,284,618)	\$ (402,172)

Note: The following non-cash capital related transactions occurred during the fiscal year ended April 30, 2006, relating to the donation of buses to the transit system

\$ - \$ - \$ - \$ - \$ 441,942 \$ - \$ -

CITY OF MONROE
MONROE, LOUISIANA

STATEMENT OF NET ASSETS
FIDUCIARY FUNDS
APRIL 30, 2006

	Police Pension and Relief Fund	Bus Drivers' Pension and Relief Fund	Agency Funds	Total	Component Units Agency Funds	
					City Court of Monroe	Monroe City Marshal
ASSETS						
Current assets:						
Cash and cash equivalents	\$ 111,598	\$ 62,342	\$ 8,221,241	\$ 8,395,181	\$ 858,115	\$ 4,235
Accounts receivable	-	-	6,910	6,910	714	7,718
Total assets	<u>111,598</u>	<u>62,342</u>	<u>8,228,151</u>	<u>8,402,091</u>	<u>858,829</u>	<u>11,953</u>
LIABILITIES						
Current liabilities						
Accounts payable	-	-	-	-	32,963	-
Deposits due to others	-	-	8,228,151	8,228,151	825,866	11,953
Total liabilities	<u>-</u>	<u>-</u>	<u>8,228,151</u>	<u>8,228,151</u>	<u>858,829</u>	<u>11,953</u>
NET ASSETS						
Fund Equity						
Reserved for retirement benefits	<u>111,598</u>	<u>62,342</u>	<u>-</u>	<u>173,940</u>	<u>-</u>	<u>-</u>
Total Net Assets	<u>\$ 111,598</u>	<u>\$ 62,342</u>	<u>\$ -</u>	<u>\$ 173,940</u>	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement

**CITY OF MONROE
MONROE, LOUISIANA**

**STATEMENT OF CHANGES IN
FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
APRIL 30, 2006**

	<u>Police Pension and Relief Fund</u>	<u>Bus Drivers' Pension and Relief Fund</u>
Additions		
Investment income		
Interest	\$ 3,910	\$ 2,184
Total investment income	<u>3,910</u>	<u>2,184</u>
Individual account transactions		
Contributions by the City	<u>-</u>	<u>11,400</u>
Total additions	<u>3,910</u>	<u>13,584</u>
Deductions		
Benefits paid	1,913	11,400
Administrative expense	<u>128</u>	<u>137</u>
Total deductions	<u>2,041</u>	<u>11,537</u>
Change in net assets held for pension benefits	1,869	2,047
Net assets, beginning of year	<u>109,729</u>	<u>60,295</u>
Net assets, end of year	<u>\$ 111,598</u>	<u>\$ 62,342</u>

The accompanying notes are an integral part of this statement.

**CITY OF MONROE
MONROE, LOUISIANA**

**COMBINING STATEMENT OF NET ASSETS
ALL DISCRETELY PRESENTED COMPONENT UNITS
APRIL 30, 2006**

	<u>City Court of Monroe</u>	<u>Monroe City Marshal</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 601,091	\$ 51,151	\$ 652,242
Accounts receivable	2,945	23,250	26,195
Total current assets	<u>604,036</u>	<u>74,401</u>	<u>678,437</u>
Capital assets, net of accumulated depreciation	<u>187,029</u>	<u>138,755</u>	<u>325,784</u>
Total assets	<u>\$ 791,065</u>	<u>\$ 213,156</u>	<u>\$ 1,004,221</u>
LIABILITIES			
Current liabilities			
Accounts payable	\$ 19,791	\$ 27,167	\$ 46,958
Noncurrent liabilities -			
Obligatin under capital lease:			
Due within one year	-	2,324	2,324
Due in more than one year	<u>-</u>	<u>3,440</u>	<u>3,440</u>
Total liabilities	<u>\$ 19,791</u>	<u>\$ 32,931</u>	<u>\$ 52,722</u>
Net Assets			
Invested in capital assets, net of related debt	\$ 187,029	\$ 132,991	\$ 320,020
Unrestricted	<u>584,245</u>	<u>47,234</u>	<u>631,479</u>
Total Net Assets	<u>\$ 771,274</u>	<u>\$ 180,225</u>	<u>\$ 951,499</u>

The accompanying notes are an integral part of this statement.

**CITY OF MONROE
MONROE, LOUISIANA**

**COMBINING STATEMENT OF ACTIVITIES
ALL DISCRETELY PRESENTED COMPONENT UNITS
APRIL 30, 2006**

	<u>City Court of Monroe</u>	<u>Monroe City Marshal</u>	<u>Total</u>
EXPENDITURES			
Judiciary:			
Personal services	\$ (1,008,108)	\$ (839,989)	\$ (1,848,097)
Operating services	(251,784)	(91,058)	(342,842)
Materials and supplies	(28,907)	(10,084)	(38,991)
Travel and other	(30,124)	(11,570)	(41,694)
Depreciation	(10,208)	(8,469)	(18,677)
Other	-	(10,571)	(10,571)
Interest	-	(624)	(624)
Total Expenditures	<u>(1,329,131)</u>	<u>(972,365)</u>	<u>(2,301,496)</u>
PROGRAM REVENUES			
Fees, charges, and court costs:			
Court costs	207,342	226,790	434,132
Civil fees	23,160	-	23,160
Probation fees	70,600	-	70,600
Reinstatement fees	3,238	-	3,238
Bond forfeitures	14,713	-	14,713
Other charges for services	13,588	12,024	25,612
Total Program Revenues	<u>332,641</u>	<u>238,814</u>	<u>571,455</u>
Net Program Expense	(996,490)	(733,551)	(1,730,041)
GENERAL REVENUES			
Intergovernmental - City of Monroe	1,107,911	766,482	1,874,393
Interest income	18,401	-	18,401
Bond forfeitures	-	15,075	15,075
Other income	16,364	-	16,364
Total General Revenues	<u>1,142,676</u>	<u>781,557</u>	<u>1,924,233</u>
CHANGES IN NET ASSETS	146,186	48,006	194,192
NET ASSETS			
Beginning of year	<u>625,088</u>	<u>132,219</u>	<u>757,307</u>
End of year	<u>\$ 771,274</u>	<u>\$ 180,225</u>	<u>\$ 951,499</u>

The accompanying notes are an integral part of this statement.

CITY OF MONROE

Monroe, Louisiana

Notes To The Financial Statements As of And For The Year Ended April 30, 2006

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Monroe, Louisiana (the City) operates under a Home Rule Charter approved by the voters in 1979. This charter provides for an executive branch of government headed by a mayor and a legislative branch of government consisting of five council members. The City's combined balance sheet includes the accounts of all City operations. The City's major operations include police and fire protection, garbage and trash collection, economic development, parks and recreation, other cultural activities, and general administration services. In addition, the City owns and operates six major enterprise activities: airport, water distribution, sanitary sewerage systems, mass transit system, civic center, and gardens and zoo.

The Governmental Accounting Standards Board (GASB) promulgates generally accepted accounting principles and reporting standards with respect to activities and transactions of state and local government entities. The GASB has issued a codification of governmental accounting and financial reporting standards. This codification and subsequent GASB pronouncements are recognized as generally accepted accounting principles for state and local government. The financial reporting practices of the City comply with the financial reporting standards established by the GASB.

A. FINANCIAL REPORTING ENTITY

As the governing authority of the City, for reporting purposes, the City of Monroe is considered a separate financial reporting entity. The financial reporting entity consists of (a) the primary government (the City), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

GASB Statement 14, *The Financial Reporting Entity*, sets forth criteria for determining which, if any, component units should be considered part of the City of Monroe for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability, which include:

1. Appointing a voting majority of an organization's governing body, and:
 - a. The ability of the City to impose its will on that organization and/or;
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the City.
2. Organizations for which the City does not appoint a voting majority, but are fiscally dependent on the City.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

3. Organizations for which the reporting entity financial statements would be misleading if data of the potential component unit were not included because of the nature or significance of the relationship.

Based on the previous criteria, the City has determined that the following component units should be considered as part of the City reporting entity.

Discrete Component Units

City Court of Monroe - The City Court of Monroe is a legally separate entity. The City appoints none of the governing board (Judges) of the court. Judges of the court are independently elected officials. Although the City Council can, to a limited degree, impose its will on the court through City Council ordinances, the City provides office space, court facilities and some furnishings, and compensation to the court. Although the court functions entirely within the City of Monroe, it provides no direct services to the City or City Council. However, based on criteria 2. above, it has been determined that the court is a component unit of the City and should be included in the City's financial statements through discrete presentation.

Monroe City Marshal - The Monroe City Marshal's office is a legally separate entity. The City does not appoint the governing board (Marshal) of the marshal's office. The City Marshal is an independently elected official. Although the City cannot impose its will on the City Marshal, it does provide a substantial portion of his compensation, facilities, and furnishings. Although the City Marshal functions entirely within the City of Monroe, he provides no direct service to the City, but is rather an officer of the City Court. However, based on criteria 2. above, it has been determined that the City Marshal is a component unit of the City and should be included in the City's financial statements through discrete presentation.

Blended Component Units

Economic Development - Two not-for-profit entities perform administrative functions for the City's incremental sales tax economic development districts. These entities are the Tower Drive Economic Development Corporation and the Garrett Road Economic Development Corporation. There also exist two other special districts within the City - The Downtown Economic Development District and The Southside Economic Development District. These two districts are charged with planning and delivery of public improvements, facilities, and services in their respective districts. For financial reporting purposes, all of these entities are considered an integral part of the City, not component units. This decision is due to the City keeping the books and records for these entities, the City as a whole reaping the benefits from the use of the proceeds of the incremental tax bonds issued by the not-for-profits, and that the districts and the separate not-for-profits are ministerial and structural in nature, as disbursement of funds is subject to the control of the City through the plan of government. As such, they are presented as

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

separate Special Revenue, Debt Service, and Capital Project funds within those categories of the City's general-purpose financial statements.

Included in the evaluation of potential component units of the City of Monroe were the Monroe City School Board, the Ouachita Council of Governments, the Monroe Housing Authority, the City of Monroe Employees Credit Union, the Monroe/West Monroe Public Trust Financing Authority, and the Ouachita Parish Homeland Security and Emergency Preparedness Agency. None of these entities were determined to be component units of the City of Monroe reporting entity.

B. BASIS OF PRESENTATION

The City's basic financial statements consist of the government-wide statements on all of the non-fiduciary activities of the primary government and its component units and the fund financial statements (individual major fund and combined non-major fund). The statements are prepared in accordance with accounting principles generally accepted in the United States of America as applied to governmental units. Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide financial statements and the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to the same limitation. The City has elected not to follow subsequent private-sector guidance.

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements include the statement of net assets and the statement of activities for all non-fiduciary activities of the primary government and the total for its component units. As a general rule, the effect of interfund activity has been removed from these statements. Exceptions to the general rule are payments between the enterprise funds to other various functions of government for charges such as sewer fees and contributions between the primary government and its component units which are reported as external transactions. The government-wide presentation focuses primarily on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period.

Governmental Activities represent programs which normally are supported by taxes and intergovernmental revenues.

Business-Type Activities are financed in whole or in part by fees charged to external parties for goods and services.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

The primary government is reported separately from the legally separate component units as detailed in section (A) of this note.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Indirect costs are not allocated by function for financial reporting in this statement; however, certain indirect costs have been directly allocated as administrative fees to grants and special fund programs. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues. This includes internally dedicated resources such as a restricted property tax.

FUND FINANCIAL STATEMENTS:

The City uses funds, both major and non-major, to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities. A fund is a separate accounting entity with a self-balancing set of accounts that comprises its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate.

Emphasis of fund reporting is on the major fund level in either the governmental or business-type categories. Non-major funds (by category) or fund type are summarized into a single column in the basic financial statements.

Funds are classified into three categories; governmental, proprietary, and fiduciary. Each category, in turn, is divided into separate "fund types". Governmental funds are used to account for a government's general activities, where the focus of attention is on the provision of services to the public as opposed to proprietary funds where the focus of attention is on recovering the cost of providing services to the public or other agencies through service charges or user fees. Fiduciary funds are used to account for assets held for others. The City's current operations require the use of the governmental, proprietary, and fiduciary fund categories. The fund types used by the City are described as follows:

Governmental Activities Presented as Governmental Funds in the Fund Financial Statements:

General Fund - This fund is the general operating fund of the City. It is used to account for all financial resources of the City except for those required to be accounted for in another fund and is always a major fund.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. The Capital Infrastructure fund is the only major Special Revenue Fund.

Debt Service Funds - These funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest and related costs. All general obligation bonds are direct obligations of the City. Principal and interest are payable from ad valorem taxes levied on all taxable property and improvements within the City. All special assessment debts are secured by liens on assessed properties and backed by the full faith and credit of the City. Special assessment debt is accounted for in the General Long-term Obligations Account Group. Incremental Sales Tax Bonds are secured by a pledge of incremental state (40%) and City (60%) sales and use taxes within the boundaries of the respective districts and do not involve the pledge of the full faith and credit of the City. Incremental Sales Tax Bonds are accounted for in the General Long-Term Obligations Account Group. The Sales Tax Bond fund is the only major Debt Service fund.

Capital Project Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities, improvements and other major projects (other than those financed by Proprietary Funds). The following Capital Projects funds are considered major funds: I-20 Corridor, Street Construction and Collection System Improvements.

Proprietary Funds:

Enterprise Funds - These funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes. Net cash losses of the Enterprise Funds are subsidized by the General Fund. Enterprise funds are presented in the business-type activities column in government-wide financial statements and the major funds section of the basic financial statements. The following Enterprise funds are considered major funds: Monroe Regional Airport, Monroe Civic Center, Water and Sewer.

Internal Service Funds - Internal service funds are used to account for the financing of goods and/or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis. The City operates a central shop and warehouse which provides inventory storage, repair and maintenance, and fueling services solely to other City user departments (with the exception of the Monroe Transit System) at rates

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

designed to cover the costs of operations, including depreciation and debt service. Since the principal users of the internal service fund are the City's governmental activities, financial statements of the internal service fund are consolidated into the governmental activities column when presented at the government-wide level. To the extent possible, the costs of these services are reflected in the appropriate functional activity.

During fiscal year 2006, the City began self-insuring its employees' group insurance which is handled through a third party administrator.

In accordance with the provisions of GASB Statement 20, the City has elected not to apply FASB statements and interpretations issued after November 30, 1989, to proprietary activities unless they are adopted by the GASB.

Fiduciary Funds:

Trust and Agency Funds - These funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. These include Agency Funds and Pension Trust Funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Pension trust funds account for pension funds established for classified employees of various departments and are accounted for in essentially the same manner as proprietary funds since capital maintenance is critical.

C. BASIS OF ACCOUNTING AND MEASUREMENT FOCUS

GOVERNMENT-WIDE FINANCIAL STATEMENTS:

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized in the year for which they are levied.

FUND FINANCIAL STATEMENTS:

The financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements for these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

The modified accrual basis of accounting is used for reporting all governmental fund types and the fiduciary fund type agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Ad valorem taxes, grants, and fees, charges, and commissions for services have been treated as susceptible to accrual.

The City uses the following practices in recognizing and reporting revenues and expenditures in the governmental fund types:

Revenues:

Ad valorem taxes attach as an enforceable lien on property as of January 1 of each year. Taxes are levied by the City in October or November and are billed to taxpayers in December. Billed taxes become delinquent on January 1 of the following year; however, by precedent, this is normally extended until February 1. Revenues from ad valorem taxes are budgeted in the year billed to the extent collections are expected. The City bills and collects its own property taxes using the assessed values determined by the tax assessor of Ouachita Parish.

Sales taxes are considered "measurable" when in the hands of the City Sales Tax Collector and are recognized as revenue at that time.

Federal and state grants are normally "expenditure driven", which means that the City does not earn, or is not entitled to, the grant funds until a liability for the expenditure has been incurred. Amounts received in excess of actual expenditures at year end are reflected as deferred revenue on the fund's balance sheet.

Interest earnings on time deposits are recognized as revenue when the time deposits have matured and the interest is available. Substantially all other revenues are recognized when actually received by the City.

Expenditures:

Expenditures in the governmental funds are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred.

Compensated absences are recognized as expenditures when leave is actually taken or when employees, or their heirs, are paid for accrued leave upon retirement or death. The cost of leave privileges not requiring current available resources is recognized in the General Long-Term Obligations Account Group.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

Principal and interest on long-term debt is recognized when due.

Proprietary and Pension Trust Funds

All proprietary funds and pension trust funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned, and their expenses are recognized when they are incurred.

Fiduciary Funds

Fiduciary Funds include Trust and Agency Funds. Trust and Agency Fund assets and liabilities are accounted for on the modified accrual basis of accounting, except for the pension trust funds, which are discussed above.

Other Financing Sources (Uses)

Proceeds from issuing long-term debt, capital leases and transfers between funds that are not expected to be repaid are accounted for as other financing sources (uses) and are recognized when the underlying events occur.

D. BUDGET PRACTICES

The City follows these procedures in establishing the budgetary data reflected in these financial statements:

1. At least ninety days prior to the beginning of the fiscal year, the Mayor submits to the City Council an operating and capital budget for the succeeding year.
2. A public hearing is scheduled by the City Council after allowing for at least ten days notice to the public at the time the budget is initially submitted to the City Council. The budget for the succeeding year must be finally adopted by the Council no later than the second-to-last regular meeting of the fiscal year.
3. The Mayor may authorize transfers of budgetary amounts within departments. However, any revisions requiring alteration of levels of expenditures or transfers between departments must be approved by the City Council.
4. Operating appropriations, to the extent not expended, lapse at year end. Capital appropriations continue in force until the project is completed or deemed abandoned after three years of no activity.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

5. All legally adopted budgets of the City are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. For the year ended April 30, 2006, the City adopted a budget for the General Fund and all Special Revenue Funds.

E. ASSETS, LIABILITIES, AND FUND EQUITY

CASH, CASH EQUIVALENTS AND INVESTMENTS:

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. State law and the City's investment policy allow the City to invest in collateralized certificates of deposits, government backed securities, commercial paper, the state sponsored investment pool and mutual funds consisting solely of government backed securities.

Deposits with original maturity dates exceeding 90 days are classified as investments. Investments are reported at fair value. The state investment pool (LAMP) operates in accordance with state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

ACCOUNTS RECEIVABLE:

Accounts receivable are reported net of an allowance for uncollectibles in business-type activities. Uncollectible amounts for customers' utility fees receivable are recognized as bad debts through the establishment of an allowance account at the time information becomes available which would indicate the uncollectibility of the particular receivable.

INTERFUND RECEIVABLES AND PAYABLES:

Short-term cash loans between funds are considered temporary in nature. These amounts are reported as "due from/to other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

INVENTORIES AND PREPAID ITEMS:

Inventories are valued at average cost less writedowns for obsolete items. Inventories in the General and Proprietary Funds consist of expendable supplies and repair and maintenance items held for consumption.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

CAPITAL ASSETS:

Capital assets, which include land, buildings, other improvements, machinery and equipment, vehicles, furniture and fixtures, and infrastructure assets (streets, roads, bridges, drainage canals, and water and sewer systems) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. The capitalization threshold for all movable capital assets is \$1,000 per unit.

All purchased capital assets are valued at cost where historical records are available and at estimated cost where no historical records are available. Donated fixed assets are valued at their fair market value on the date received. The costs of normal maintenance and repairs that do not add value to the asset or materially extend its useful life are not capitalized. Major outlays for capital assets and improvements are capitalized at completion of construction projects.

Prior to 1985, the City had not maintained capital asset records on a current basis. Subsequently, the City completed reconstructing its capital asset records. In those cases where it was not feasible to determine the original actual cost the assets were recorded at estimated cost derived by price level adjusting current replacement cost. It was not considered practicable to determine the source of investment in capital assets prior to April 28, 1972.

Depreciation of all exhaustible fixed assets used by proprietary funds is charged as an expense against their operations. Accumulated depreciation is reported on enterprise fund balance sheets. Depreciation on all capital assets, excluding land and improvements, has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

<u>Type of Capital Assets</u>	<u>Number of Years</u>
Buildings	10-50
Improvements	7-50
Furniture and Fixtures	1-10
Vehicles	5
Equipment	2-20
Infrastructure-Water System	30-50
Infrastructure-Sewer System	10-30
Infrastructure-Drainage Systems	25
Infrastructure-Streets and Roads	20-50

LONG-TERM DEBT:

In the government-wide statement of net assets and in the proprietary fund types' financial statements, long-term debt and other long-term obligations are reported as liabilities. Bond premiums, discounts, issuance costs, and gains (losses) on refunding are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable costs are reported

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums, discounts, and bond issuance costs during the current financial period. The face amount of the debt issue is reported as "other financing sources." Premiums received on debt issuances are reported as "other financing sources" and discounts on debt are reported as "other financing uses."

ACCUMULATED VACATION, SICK PAY, AND OTHER EMPLOYEE BENEFITS:

In the government-wide financial statements and the proprietary fund types financial statements, the total compensated absences liability is recorded as an expense and a long-term obligation and allocated on a functional basis. In accordance with GASB Interpretation No. 6, *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*, (issued in March 2000), no compensated absences liability is recorded at April 30, 2006, in the governmental fund-type financial statements.

Full time employees may earn up to 33 working days of vacation time per year, depending upon length of service. At the end of each year, employees may carry forward up to 120 days of vacation time. Subject to the above conditions, unused vacation is paid to an employee upon retirement, separation, or death at hourly rates being earned by that employee upon separation.

The City also maintains a disability compensation plan which allows employees to draw an additional 30 days paid disability leave, once all the available sick and vacation accruals have been utilized. Individuals with long-term disability status are then eligible for an additional 180 days of disability leave at 60 percent of their regular pay. Such amounts are not accrued in governmental funds, nor are they reflected in the General Long-Term Obligations Account Group due to the inability to estimate such liabilities, and the fact that any unused disability leave does not carry forward to the subsequent year.

Firemen and policemen may receive up to one year's sick leave per illness as prescribed under Louisiana law. For all other City employees, sick leave is accumulated at varying rates ranging up to 12 days per year. A maximum of 120 days of unused sick leave may be carried forward. Subject to the above limitations, employees shall be compensated in cash for any accumulated unused sick leave when they are permanently separated from employment as a result of voluntary resignation, discharge, retirement or death. In the event of death, payment is made to the estate of the employee. The amount of payment for all unused sick leave is calculated at the employee's rate of pay in effect on the payday immediately preceding the employee's separation.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

RESTRICTED ASSETS:

Certain bond proceeds of a Series 2001 Sales Tax Bond Issue are legally restricted as to purpose. These assets have been classified as restricted assets on the Statement of Net Assets since the use of these funds is limited by applicable bond covenants. In addition, customer deposits in the Water Enterprise Fund have been classified as restricted assets because the use of these funds is limited by customer agreement.

RESERVES OF FUND EQUITY:

Some portions of fund balance in the governmental fund types are reserved to indicate that a portion of fund equity is legally restricted to a specific future use and/or are not available for appropriation or expenditure. In the General Fund a portion of the fund balance is reserved to indicate that it is not available for expenditure or appropriation as it consists of reservations for certain inventories, non-current receivables and prepaid items which are not considered available spendable resources. The reserve of fund balance in the General Fund at April 30, 2006 is \$505,979.

NET ASSETS:

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balance of any debt proceeds used for the acquisition, construction, or improvements of those assets. Net assets are reported as restricted when there are limitations imposed on their use by external parties such as creditors, grantors, laws or regulations of other governments.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed. Details of restricted net assets at year-end are presented in Note 7.

F. ACCOUNTING ESTIMATES:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make certain estimates and assumptions. Those estimates affect the reported amounts of assets and liabilities and disclosure of assets and liabilities at the date of the financial statements. They may also affect the reported amounts of revenues and expenses of proprietary funds and the government-wide financial statements during the reporting period. Actual results could differ from these estimates.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

G. DEDICATED REVENUES:

Sales taxes:

A one-half per cent city sales tax is dedicated to the General Fund for payment of salaries of city employees and capital improvements. The sales tax, which began on March 1, 1968, is for an indefinite period.

A one per cent city sales tax is dedicated to the General Fund for any lawful purpose of the City, including payment of operating expenses. The sales tax, which began on January 1, 1975, is for an indefinite period.

A one per cent city sales tax is dedicated to the General Fund for constructing, acquiring, extending, improving, maintaining, and operating capital improvements and facilities of the City and paying general operating expenses of the City. The sales tax, which began on February 1, 1983, is for an indefinite period.

A ten year one per cent sales tax passed by the voters on November 8, 1994 which was for the street program was extended by twenty-five years and its uses expanded by the voters on May 5, 2001. The proceeds can be utilized for all infrastructure including but not limited to streets, water, sewer and drainage and other related capital expenditures. The tax will expire in 2029

A 0.49 per cent city sales tax is dedicated to the General Fund for payment of salary increases of city firemen and policemen. The sales tax, which began March 1, 2005, is for an indefinite period.

Property taxes:

Recreation (1.73 mills), public safety (.98 mills) and drainage (1.21 mills) millages were renewed by the voters in 2003, levied in 2004 and will expire with the 2013 tax roll.

For both the Civic Center and the Louisiana Purchase Gardens and Zoo, 2.47 mills was renewed by the voters in 1998, levied in fiscal 1999, and will expire with the 2007 tax roll.

For both the police and fire departments, 1.48 mills was renewed by the voters in 1998, levied in fiscal 1999, and will expire with the 2007 tax roll.

For capital improvements, 3.21 mills was renewed by the voters in 1998, levied in fiscal 1999, and will expire with the 2007 tax roll.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

2. FUND DEFICITS

The following funds have deficits at April 30, 2006:

NONMAJOR FUNDS

Special Revenues		
Metro Share Grant Program	\$	379
Capital Projects		
Phase III Air Industrial Park		716
Tower Drive		4,448
Asset Management System		163,298
Rehab Airfield Lighting		162,008
US 165 Business Connector		118,476
Drainage Projects		167,135
Internal Service		
Employees' Group Insurance		391,616

The deficit in the special revenue fund is to be financed with future revenues or transfers from other funds. The deficits in the Capital Project Funds will be funded with future drawdowns from state and federal agencies and/or transfers from the Special Revenue Capital Infrastructure Fund. The deficit in the internal service fund will be funded by increased premiums.

3. CASH AND CASH EQUIVALENTS

Custodial credit risk – deposits. The custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's policy to ensure there is no exposure to this risk is to require each financial institution to pledge its' own securities to cover any amount in excess of Federal Depository Insurance Coverage. Louisiana Revised Statute 39:1229 imposes a statutory requirement on the custodial bank to advertise and sell the pledged securities within 10 days of being notified by the City that the fiscal agent bank has failed to pay deposited funds upon demand. Accordingly, the City had no custodial credit risk related to its deposits at April 30, 2006.

At April 30, 2006, the City has cash and cash equivalents, totaling \$60,780,851, (including \$8,395,181 in fiduciary funds) as follows:

Petty cash	\$	20,005
Demand deposits		46,083,771
Money market funds		14,677,075
Total	\$	<u>60,780,851</u>

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

These deposits are stated at cost, which approximates market. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. Cash and cash equivalents (bank balances other than these backed by the U.S. government) at April 30, 2006, are secured, as follows:

Bank balances	\$	<u>51,316,893</u>
Federal deposit insurance	\$	344,085
Pledged securities (uncollateralized)		<u>53,644,753</u>
Total	\$	<u>53,988,838</u>

The money market accounts are utilized for the daily investment of idle cash of the City. The account is managed by the City's fiscal agent and consists of securities issued or guaranteed by the U.S. government. Investments are in accordance with LRS 33:2955(A)(1)(e) and are not required to be covered by the pledge of securities owned by the fiscal agent bank.

4. INVESTMENTS

Custodial credit risk – investments. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investments in United States government securities are held by the City's agent in the City's name. Therefore, the City had no custodial credit risk related to its investments at April 30, 2006.

Under state law, the City may invest funds in obligations of the United States, in federally-insured investments, or in time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana. At April 30, 2006, the City had the following investments stated at cost, which approximates market:

United States government securities	\$	2,082,081
Certificates of deposit with maturities greater than 90 days		<u>9,155,337</u>
Total	\$	<u>11,237,418</u>

Interest rate Risk. In accordance with its investment policy, the City manages its exposure to declines in fair market values by limiting investment portfolio to "money market investments," which are defined as creditworthy, highly liquid investments with maturities of one year or less. Although there may be certain circumstances in which longer-term securities are utilized, the general use of long-term securities shall be avoided.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

Credit Risk The City's investment policy limits investments to fully insured and/or fully-collateralized certificates of deposits and direct and indirect obligations of U.S. government agencies.

Concentration of Credit Risk. The City's investment policy limits the City's investment instruments to: 1) certificates of deposit; 2) certain direct obligations of the U.S. Government; 3) bonds, debentures, notes, or other evidence of indebtedness issued or guaranteed by federal agencies and provided such obligations are backed by the full faith and credit of the United States of America; and 4) the Louisiana Asset Management Pool.

The City participates in the Louisiana Asset Management Pool (LAMP). The LAMP is an investment pool established as a cooperative endeavor to enable public entities of the State of Louisiana to aggregate funds for investment.

5. RECEIVABLES

Accounts receivable of \$9,718,779 at April 30, 2006, are comprised of the following:

Fund Type	Taxes - Ad Valorem	Taxes - Sales	Grants	Accounts	Other	Total
MAJOR FUNDS						
General	\$ 561,861	\$ 2,538,688	\$ 65,454	\$ 437,899	\$ 1,324	\$ 3,605,226
Capital Infrastructure	-	1,033,330	-	-	-	1,033,330
Airport	-	-	-	69,536	-	69,536
Civic Center	68,263	-	-	110,575	-	178,838
Water	-	-	-	190,003	1,805	191,808
Sewer	-	-	-	789,701	1,223	790,924
NONMAJOR FUNDS						
Special Revenues	-	489,856	566,269	206,041	-	1,262,166
Debt Service	16,582	854,558	-	-	-	871,140
Capital Projects	-	-	653,716	80,295	-	734,011
Enterprise	68,263	-	843,929	10,742	50	922,984
Internal Service	-	-	-	51,906	-	51,906
Agency	-	1,364	-	5,473	73	6,910
TOTAL:	<u>\$ 714,969</u>	<u>\$ 4,917,796</u>	<u>\$ 2,129,368</u>	<u>\$ 1,952,171</u>	<u>\$ 4,475</u>	<u>\$ 9,718,779</u>

The allowance for doubtful accounts was \$85,860 as of April 30, 2006.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

6. CHANGES IN CAPITAL ASSETS

The following schedule presents changes in capital assets for the year ended April 30, 2006.

	Balance April 30, 2005	Additions	Retirements	Balance April 30, 2006
Governmental Funds:				
Land	\$ 17,295,361	\$ -	\$ -	\$ 17,295,361
Construction in progress	288,892	315,976	(535,941)	68,927
CIP-Infrastructure	13,773,676	3,039,755	(10,202,496)	6,610,935
Total capital assets not being depreciated	<u>31,357,929</u>	<u>3,355,731</u>	<u>(10,738,437)</u>	<u>23,975,223</u>
Depreciable assets:				
Buildings and improvements	26,793,902	548,028	-	27,341,930
Equipment and Furniture	27,046,365	571,258	(746,613)	26,871,010
Infrastructure	125,726,270	10,247,164	-	135,973,434
School buildings	1,229,953	-	-	1,229,953
Total capital assets being depreciated	180,796,490	11,366,450	(746,613)	191,416,327
Less: accumulated depreciation	(31,177,708)	(7,859,571)	584,687	(38,452,592)
Total capital assets being depreciated, net	<u>149,618,782</u>	<u>3,506,879</u>	<u>(161,926)</u>	<u>152,963,735</u>
Total governmental funds capital assets, net	<u>180,976,711</u>	<u>6,862,610</u>	<u>(10,900,363)</u>	<u>176,938,958</u>
Internal Service Fund:				
Land	45,000	-	-	45,000
Depreciable assets:				
Buildings and improvements	3,408,222	-	-	3,408,222
Furniture and vehicles	252,430	70,571	-	323,001
Total capital assets being depreciated	3,660,652	70,571	-	3,731,223
Less: accumulated depreciation	(740,780)	(101,241)	-	(842,021)
Total capital assets being depreciated, net	<u>2,919,872</u>	<u>(30,670)</u>	<u>-</u>	<u>2,889,202</u>
Total Internal Service Fund capital assets, net	<u>2,964,872</u>	<u>(30,670)</u>	<u>-</u>	<u>2,934,202</u>
Total governmental activities capital assets, net	<u>\$ 183,941,583</u>	<u>\$ 6,831,940</u>	<u>\$ (10,900,363)</u>	<u>\$ 179,873,160</u>

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

	<u>Balance</u> <u>April 30, 2005</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>April 30, 2006</u>
Business-type activities:				
Nondepreciable assets:				
Land	\$ 5,542,940	\$ -	\$ -	\$ 5,542,940
Construction in progress	12,762,846	5,926,733	(7,245,147)	11,444,432
Zoo animals	113,250	4,200	-	117,450
Total capital assets not being depreciated	<u>18,419,036</u>	<u>5,930,933</u>	<u>(7,245,147)</u>	<u>17,104,822</u>
Depreciable assets:				
Buildings/Improvements	33,647,935	171,173	-	33,819,108
Infrastructure	133,685,385	6,724,506	-	140,409,891
Equipment	13,746,329	2,031,620	(100,000)	15,677,949
Total capital assets being depreciated	<u>181,079,649</u>	<u>8,927,299</u>	<u>(100,000)</u>	<u>189,906,948</u>
Less: accumulated depreciation	<u>(74,439,124)</u>	<u>(6,207,673)</u>	<u>-</u>	<u>(80,646,797)</u>
Total capital assets being depreciated, net	<u>106,640,525</u>	<u>2,719,626</u>	<u>(100,000)</u>	<u>109,260,151</u>
Total business-type activities capital assets, net	<u>\$ 125,059,561</u>	<u>\$ 8,650,559</u>	<u>\$ (7,345,147)</u>	<u>\$ 126,364,973</u>

The beginning balance of capital assets has been adjusted by approximately \$3,300,000 (net) for construction in progress and other items omitted in prior year.

Depreciation expense was charged to functions of the primary government as follows:

Governmental Activities:	
General Government	\$ 463,389
Public Safety	1,276,423
Public Works	5,756,279
Culture and Recreation	363,480
Internal Service Fund	101,241
Total depreciation expense - governmental activities	<u>\$ 7,960,812</u>
Business-Type Activities:	
Water Fund	954,302
Sewer Fund	3,385,363
Non-major business-type activities	1,868,008
Total depreciation expense - business-type activities	<u>\$ 6,207,673</u>

Included in equipment are energy management system assets under capital lease with costs of \$2,967,113 as further discussed in Note 11.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

The Central Shop and Warehouse land and building is carried on the City's balance sheet within the Internal Service Fund. At April 30, 2006, only a portion of the cost of the assets are depreciated as only the shop facility is currently accounted for in the Internal Service Fund. In the future, an Internal Service Fund will be established to account for the operations of the warehouse, at which time depreciation will be charged to that fund.

The Louisiana Purchase Gardens and Zoo enterprise fund carries its investment in animals on a separate line of its balance sheet. The cost shown on the balance sheet relates only to animals that were purchased, donated or traded. Animals born in the zoo have no cost attributed to them. Also, the zoo has a number of bird specimens which are covered by the Migratory Bird Treaty (MBT). Certain birds under the MBT have no cost associated with them because they may not be bought or sold.

7. RESTRICTED ASSETS AND RELATED RESERVES

Under terms of the 1995 Sewer Refunding Bonds, the City is required to establish a sinking fund with monthly payments equaling 1/6th of the interest falling due on the bonds next interest date as well as 1/12th of the principal falling due on the bonds next principal date.

8. ELECTRICAL SYSTEM OPERATING AGREEMENT

On July 9, 1977, the voters of the City of Monroe authorized a 50 year operating agreement between the City of Monroe and Entergy (formerly Louisiana Power & Light) for the operation by Entergy of the City's electric system. The agreement provided that Entergy would pay to the City a percentage of total revenue collected from the sale of electric service to residential and commercial customers within the City, such payments not to be less than \$700,000 annually. The aforementioned base increased by one per cent of sales of electric services to residential and commercial customers in excess of \$10,000,000 in a calendar year. Revenues under this agreement totaled \$2,292,372 for the year ended April 30, 2006.

9. PENSION AND RETIREMENT PLANS

City of Monroe Sponsored Pension Plans:

Effective September 1, 1983, the members of the Bus Drivers' Pension and Relief Fund agreed to merge with the Municipal Employees' Retirement System of Louisiana (MERS). Since the merger, the Bus Department administrative employees contribute 9.25% of their salary and the City contributes 7.25%. The City also reimburses 4% of the bus operators' contributions. For the year

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

ended April 30, 2006, the City contributed \$11,400 to the Bus Drivers' Pension and Relief Fund.

The Monroe Policemen's Pension and Relief Fund covers those employees who were members of the fund at September 1, 1983, and who retire prior to the age of 50. Upon reaching their 50th birthday, they will no longer receive benefits under the Monroe Policemen's Pension and Relief Fund, but will begin receiving benefits under the Municipal Police Employees' Retirement System (MPERS). The City made no contributions to the Monroe Policemen's Pension and Relief Fund for the year ended April 30, 2006.

Data concerning the actuarial status of the Policemen's and Bus Drivers' Pension and Relief Funds is not available. The City of Monroe has never required the services of an actuary for these plans nor felt the need to determine the actuarial liability of the plans because state law requires that the plans be funded at minimum reserve requirements rather than an actuarially computed reserve based on future benefits payable. The two funds had net assets at April 30, 2006, as follows: Policemen's, \$111,598 and Bus Drivers', \$62,342.

State Sponsored Plans:

Municipal Employees' Retirement System of Louisiana (MERS)

Substantially all city employees, except firemen and policemen, are members of the MERS, a multiple-employer, cost-sharing, public employee retirement system (PERS), controlled and administered by a separate board of trustees. The MERS is composed of two distinct plans, Plan A and Plan B, with separate assets and benefit provisions. All City members participate in Plan A.

All permanent employees working at least 35 hours per week and elected city officials are eligible to participate in the system. Under the plan provisions, a member who retires at or after age 60 with at least 10 years of creditable service, at or after age 55 with 25 years of creditable service, or at any age with at least 30 years of creditable service is entitled to a retirement benefit, payable monthly for life, equal to 3% of the member's final compensation multiplied by his years of creditable service.

However, for those members of the supplemental plan only prior to October 1, 1978, the benefit is equal to 1% of final compensation plus \$2 per month for each year of supplemental-plan-only service earned prior to October 1, 1978, plus 3% of final compensation for each year of service credited after October 1, 1979.

Funding Policy Contributions to the system include one-fourth of one per cent of the taxes shown to be collectible by the tax rolls of the parish. These tax dollars are divided between Plan A and Plan B based proportionately on the salaries of members on which contributions were made for the previous fiscal year. State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the MERS for the years ended April 30, 2006, 2005, and 2004 were \$2,418,511; \$2,315,168; and \$1,692,290 respectively, equal to the statutorily required contributions for each year.

The MERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Employees' Retirement System, 6750 Van Gogh, Baton Rouge, LA 70806 or by calling (225) 925-4810.

Firefighters' Retirement System (SFRS)

Effective May 7, 1981, the members of the Firemen's Pension and Relief Fund agreed to merge with the SFRS, a multiple-employer, cost-sharing PERS. Effective June 1, 1986, the retirees and dependents receiving benefits under the City plan as of May 7, 1981, were transferred to the SFRS. As further discussed below, the liability to the SFRS was advance refunded by the City during fiscal 1998.

The plan covers substantially all members of the City's Fire Department. All new employees of the department must join this plan with the exception of employees performing duties unrelated to fire fighting. Employees with 20 years or more of service who have attained age 50 or employees with 12 years of service who have attained age 55 or 25 years of service at any age are entitled to annual pension benefits equal to 3-1/3% of their average final compensation based on the 36 consecutive months of highest pay multiplied by their total years of service, not to exceed 100%. If employees terminate before rendering 12 years of service, they forfeit the right to receive the portion of their accumulated plan benefits attributable to employer contributions. Employees who terminate with at least the amount of creditable service stated above and do not withdraw their employee contributions may retire at the ages specified above and receive the benefit accrued to their date of termination. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy. State statute requires covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year.

The City's contributions to the SFRS for the years ended April 30, 2006, 2005, and 2004 were \$1,608,580; \$1,898,169; \$1,002,542 and, respectively, equal to the required contributions for each year.

The SFRS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

writing the Firefighters' Retirement System, 2051 Silverside Drive, Suite 10, Baton Rouge, LA 70808-4136 or by calling (225) 925-4060.

Municipal Police Employees' Retirement System (MPERS)

Effective September 1, 1983, the members of the City's Policemen's Pension and Relief Fund agreed to merge with the MPERS, a multiple-employer, cost-sharing PERS. The liability to the MPERS associated with the merger was advance refunded by the City during fiscal 1998 as further discussed below.

All full-time police officers engaged in law enforcement and earning at least \$375 per month excluding state supplemental pay, the elected chief of police whose salary is at least \$100 per month, and secretaries to the chief of police are eligible to participate in the system. Members who retire at or after age 55 with 12 years of creditable service, at or after age 50 with 20 years of creditable service, or at any age with 25 years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3-1/3% of the member's average final compensation multiplied by his years of creditable service, not to exceed 100 per cent of his average final compensation. The system also provides death and disability benefits. Benefits are established by state statute.

Funding Policy. State statutes require covered employees to contribute a percentage of their salaries to the system. As provided by Louisiana Revised Statute 11:103, the employer contributions are determined by actuarial valuation and are subject to change each year based on the results of the valuation for the prior fiscal year. The City's contributions to the MPERS for the years ended April 30, 2006, 2005, and 2004 were \$1,525,212; \$1,267,704; and \$863,596, respectively, equal to the statutorily required contributions for each year.

The MPERS issues an annual, publicly-available financial report that includes financial statements and required supplementary information for the retirement system. The report may be obtained by writing the Municipal Police Employees' Retirement System, 8401 United Plaza Blvd., Room 305, Baton Rouge, LA 70808 or by calling (225) 929-7411.

10. OTHER HEALTH CARE BENEFITS AND POST EMPLOYMENT BENEFITS

During the year ended April 30, 2006, the City paid \$4,654,937 in expenses in connection with providing benefits to a total of 1,100 participants. The cost is broken down as follows:

Active Employees	\$ 3,212,509
Retired Employees	1,410,091
COBRA	32,337
Total	\$ <u>4,654,937</u>

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

As permitted by Louisiana Revised Statutes, the City provides certain continuing health care and life insurance benefits for certain retired employees through self insurance. Retired City employees are eligible for these benefits if they reached normal retirement age, as defined under the applicable retirement system while working for the City. The City recognizes the cost of providing these benefits (the City's portion of the premiums) as an expenditure when the monthly premiums are due. Approximately 250 retirees receive benefits under this plan. These retirees reimbursed the City for \$693,713 for fiscal year 2006 for their portion of health care benefits.

11. LEASES

At April 30, 2006, the City was obligated under operating lease agreements covering computer equipment and various other items of equipment. The original lives of the leases range up to five years with options to renew some leases for one to five years. The City made lease payments of approximately \$405,441 during the year ended April 30, 2006. The following is a schedule of future minimum lease payments under operating leases as of April 30, 2006.

Years Ended April 30:	Minimum Lease Payments
2007	\$ 31,386
2008	21,204
Total	\$ <u>52,590</u>

In fiscal 2006, the City entered into a capital lease obligation for the purchase of an energy system that is being utilized in over 40 City-owned buildings. The original amount of the obligation was \$2,967,113 and bears interest at 4.75% to 5.59%. Future minimum lease payments until maturity (March, 2021) are as follows:

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

Fiscal Years Ended April 30:	Future Minimum Lease Payments
2007	\$ 273,646
2008	277,450
2009	281,356
2010	285,274
2011	289,359
2012-2016	1,290,135
2017-2021	<u>1,279,778</u>
	3,976,998
Less: Amounts representing Interest Present Value of Future Minimum Lease Payments	<u>(1,254,299)</u>
	<u>\$ 2,722,699</u>

12. LONG-TERM OBLIGATIONS

The following is a summary of long-term obligation transactions of the City of Monroe for the year ended April 30, 2006:

	Long-Term Obligations	Proprietary Funds	Total
Long-term obligations, May 1, 2005	\$ 160,708,274	\$ 4,823,792	\$ 165,532,066
Additions	9,579,643	463,157	10,042,800
Retirements	<u>(11,916,809)</u>	<u>(988,328)</u>	<u>(12,905,137)</u>
Long-term obligations, April 30, 2006	<u>\$ 158,371,108</u>	<u>\$ 4,298,621</u>	<u>\$ 162,669,729</u>

Long-term obligations outstanding at April 30, 2006, are comprised of the following:

	Issue	Maturity Date	Interest Rate	Balance Outstanding
<i>General Long-Term Obligations</i>				
<u>General Obligation Bonds</u>				
Public improvements:				
City Court and Jail	2003	3/1/10	2.10 – 3.10	\$ <u>640,000</u>
<u>Tax Increment Bonds</u>				
Tower Drive	1997	3/1/09	5.21	950,000
Tower Drive	1999	3/1/09	5.00	300,000
Tower Drive	2000	3/1/20	6.95	2,480,000

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

Tower Drive	2002	3/1/20	5.85	875,000
I-20 Development	2003	3/1/21	2.75 - 4.75	13,805,000
I-20 Development	2005	3/1/20	4.25 - 4.60	<u>4,900,000</u>
Total tax increment bonds				<u>23,310,000</u>
 <u>Certificates of Indebtedness</u>				
Swimming Pools Renovations	2004A	4/1/09	3.45	393,092
Taxable Refunding Certificates (Civic Center Roof)	2004C	10/01/14	3.45	<u>2,305,000</u>
Total certificates of indebtedness				<u>2,698,092</u>
 <u>Sales Tax Bonds</u>				
Series 2001 (Streets)	2001	7/1/21	4.00-5.75	21,740,000
Series 2002 (Streets/Sewer)	2002	7/1/26	4.00-7.00	24,125,000
Series 2002A (Fire/Drainage)	2002A	7/1/27	3.125-4.80	14,685,000
Series 2003 (Streets)	2003	7/1/27	3.25-5.50	<u>21,295,000</u>
Total sales tax bonds				<u>81,845,000</u>
 <u>Refunding Bonds</u>				
Series 1998A	1998	3/1/13	4.60-5.05	<u>4,035,000</u>
 <u>Utility Revenue Bonds</u>				
Series 2001 (DEQ) (Sewer)	2001	6/30/23	3.45	22,658,597
Series 2003 (DEQ) (Sewer)	2003	6/1/23	3.45	9,310,000
Series 2005 (DEQ)	2005	7/1/27	3.45	<u>99,289</u>
Total utility revenue bonds				<u>32,067,886</u>
 <u>Other</u>				
Claims and Judgments Payable	None	None	None	6,076,089
Capital Lease (See Note 11)	2000	4/30/21	5.70	2,722,699
Accrued vacation and sick pay	None	None	None	<u>4,976,342</u>
Total other				<u>13,775,130</u>
Total general long-term obligations				<u>\$158,371,108</u>
 <u>Proprietary Funds</u>				
<u>Certificates of Indebtedness -</u>				
Refunding Certificates (Central warehouse and shop)	2004A	4/01/09	3.45	\$ 507,908
Taxable Refunding Certificates (Ice Rink)	2004B	4/01/09	6.00	110,000

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

<u>Utility Revenue Bonds-</u>				
Series 2001(DEQ) (Sewer)	2001	6/01/22	3.45	2,486,403
<u>Revenue bonds-</u>				
Sewer Refunding	1995	6/01/06	5.40	310,000
<u>Other</u>				
Accrued vacation and sick pay	None	None	None	<u>884,310</u>
Total proprietary funds				<u>\$ 4,298,621</u>

<u>Long-Term Obligation</u>	<u>Paying Fund</u>
General obligation bonds:	
Refunding Bonds, 2003 (City Court and Jail Improvements)	City Court and Jail Improvements Debt Service Fund
Tax increment bonds:	
Tower Drive	Tower Drive Debt Service Fund
I-20 Development	I-20 Debt Service Fund
Certificates of indebtedness:	
Refunding Cert of Indebt (Swimming Pool Renovations)	General Fund
Refunding Certificates (Central Shop)	Central Shop Internal Service Fund
Taxable Refunding Certificates (Civic Center Roof)	General Fund
Taxable Refunding Certificates (Ice Hockey Rink)	Monroe Civic Center Fund
Sales tax bonds:	
2001 Series (Streets)	Sales Tax Bond Debt Service Fund
2002 Series (Sewer and Streets)	Sales Tax Bond Debt Service Fund
2002A Series (Fire and Drainage)	Sales Tax Bond Debt Service Fund
2003 Series (Streets)	Sales Tax Bond Debt Service Fund
Revenue bonds:	
Sewer Refunding (1995)	Sewer Enterprise Fund
Utility revenue bonds:	
Series 2001 (DEQ)	Sales Tax Bond Debt Service Fund
Series 2003 (DEQ)	Sales Tax Bond Debt Service Fund
Series 2005 (DEQ)	Sales Tax Bond Debt Service Fund

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

Refunding Bonds:

Series 1998A (Fire and Police Pension) General Fund

Capital Lease Obligations:

Equipment General Fund

Utility Revenue Bonds:

Series 2001 (DEQ Sewer) Sewer Enterprise Fund

The amount recorded as claims and judgments payable in the General Long-Term Obligations Account Group is the City's liability for claims that are not expected to be paid with available resources at year-end. Expenditures for claims and judgments payable are recognized in the General Fund when paid. Only those expenditures which are included in the City's legally adopted budget will be paid.

The debt service requirements to amortize all bonds, certificates and other long-term obligations (other than accrued vacation and sick pay, claims and judgments and capital lease obligations) outstanding at April 30, 2006, including interest payments of \$71,967,592 are as follows:

Year Ended April 30,	G.O. Bonds Cert. of Indebt.	Revenue Bonds	Tax Increment	DEQ Revolving Loan	Other	Total
2007	\$ 864,878	\$ 6,466,038	\$ 2,858,475	\$ 2,644,612	\$ 827,148	\$ 13,661,151
2008	868,308	6,160,465	2,854,177	2,643,622	823,168	13,349,740
2009	875,191	6,159,310	2,421,246	2,739,746	825,418	13,020,911
2010	512,404	6,150,011	2,226,990	2,635,023	827,298	12,351,726
2011	341,688	6,149,533	2,206,739	2,632,217	711,773	12,041,950
2012-2016	1,022,188	30,735,305	11,028,277	13,113,657	742,773	56,642,200
2017-2021	-	31,012,402	8,846,894	13,021,613	-	52,880,909
2022-2026	-	29,090,870	-	7,807,255	-	36,898,125
2027-2028	-	9,131,169	-	-	-	9,131,169
Total	\$ 4,484,657	\$ 131,055,103	\$ 32,442,798	\$ 47,237,745	\$ 4,757,578	\$ 219,977,881

General obligation bonds are direct obligations and are secured by the full faith and credit of the City. These bonds generally mature in 2010. Revenue bonds are secured by pledged income derived from the assets acquired or constructed with bond funds. Certificates of indebtedness are secured by a pledge of the general credit of the City. The Tax Increment bonds are secured solely from the incremental tax revenues from the respective economic development districts.

Tax Increment Bonds

In December 2005, the City issued \$5,000,000 in sales tax increment bonds with interest ranging over the life of the bonds from 4.25% to 4.60%. The Series 2005 bonds were issued at a premium of \$80,301. The net proceeds of \$4,319,000 (after payments totaling \$274,664 in underwriting fees and other bond issuance costs and a \$486,637 deposit into the debt service reserve) are being used to provide continued funding for economic development projects within the I-20 Corridor. The

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

underwriting fees, issuance costs and bond premium will be amortized over the life of the bond using the sum-of-the-years'-digits methods.

Utility Revenue Bonds

On June 7, 2005, the City issued \$11,000,000 of Utility Revenue Bonds, Series 2005, the proceeds of which are to be used for the purpose of providing permanent financing for the cost of rehabilitating and expanding the sanitary sewerage treatment, collection and disposal facilities of the City and otherwise improving the Sewer Component System and paying the costs of issuance. The bonds will be paid from the income and revenues of the City's combined water and sewer system (the "System"), after provision has been made for payment therefrom of the reasonable and necessary costs and expenses of operating and maintaining the System (the "Net Revenues") as the same fall due. The bonds will bear interest at a rate of 3.45% and will mature on July 1, 2027.

Prior Year Defeasance of Debt

In prior years, certain outstanding bonds were defeased by placing proceeds of new bonds in an irrevocable trust to provide for future debt service payments on the old bonds. Accordingly, the trust accounts and the defeased bonds are not included in the financial statements. At fiscal year-end, the defeased balance of \$385,000 remained for the 1986A Sewer Revenue Bonds.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

13. INTERFUND RECEIVABLES AND PAYABLES

Individual fund balances due from/to other funds at April 30, 2006, are as follows:

	Interfund Receivable							Total
	General	Capital Infrastructure	Nonmajor Governmental Funds	Civic Center	Water Fund	Sewer Fund		
Interfund Payable								
General	\$ -	\$ 6,628	\$ 208,571	\$ -	\$ -	\$ 990	\$ 216,189	
Capital Infrastructure	20,632	-	-	-	-	-	20,632	
I-20 Corridor	-	-	146,070	-	-	-	146,070	
Street Construction	-	273,714	-	-	-	-	273,714	
Collection Systems Improvement	-	940,313	-	-	-	-	940,313	
Nonmajor Governmental Funds	350,599	69,675	1,511,636	111,428	70,000	-	2,113,338	
Water Fund	47,189	-	-	-	-	13,210	60,399	
Sewer Fund	50,771	-	-	-	1,795,061	-	1,845,832	
Nonmajor Enterprise Funds	-	-	1,756	-	-	-	1,756	
Total	\$ 469,191	\$ 1,290,330	\$ 1,868,033	\$ 111,428	\$ 1,865,061	\$ 14,200	\$ 5,618,243	

These balances result from interfund transactions for goods and services which result in reimbursable expenditures or cash transfers among funds made to cover negative cash balances.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

14. INTERFUND TRANSFERS

The following transfers were made between the various funds of the City during the year ended April 30, 2006:

	Transfers Out										Total
	General	Capital Infrastructure	I-20 Corridor	Street Construction	Collection Systems Improvement	Nonmajor Governmental Funds	Monroe Regional Airport	Water Fund	Sewer Fund		
Transfers In											
General	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 84,851	\$ 404,756	\$ 500,000	\$ 500,000	\$ -	\$ 1,489,607
Capital Infrastructure	-	-	-	384,077	3,365,828	2,136,135	-	-	-	-	5,886,040
Sales Tax Bond	-	8,803,168	-	-	-	-	-	-	-	-	8,803,168
I-20 Corridor	3,530	-	-	-	-	-	-	-	-	-	3,530
Collection Sys. Improvement	-	1,962,292	-	-	-	-	-	-	-	-	1,962,292
Nonmajor Governmental Funds	1,675,948	1,325,705	486,637	-	-	1,174,325	-	-	-	-	4,662,615
Civic Center	129,760	-	-	-	-	-	-	-	-	-	129,760
Nonmajor Enterprise Funds	2,560,786	-	-	-	-	-	-	-	-	-	2,560,786
Internal Service Funds	553,564	-	-	-	-	-	-	-	-	-	553,564
Total	\$4,923,588	\$12,091,165	\$486,637	\$ 384,077	\$ 3,365,828	\$ 3,395,311	\$404,756	\$500,000	\$ 500,000	\$ -	\$26,051,362

These transfers resulted from transactions for goods and services among funds, debt service transfers, amounts needed to cover deficits in various Enterprise Funds and for capital improvements.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

15. LITIGATION AND CLAIMS

Various lawsuits are pending against the City of Monroe. Except as noted below, attorneys of the City are of the opinion that any judgment rendered in favor of the plaintiff will not materially affect the financial position of the City at April 30, 2006.

The City is a defendant in two separate suits involving the death of a citizen during a confrontation with Monroe City Police. Both suits have been filed on behalf of the person's adult and minor children. Counsel for the City believes there will be no liability to the City as a result of these suits.

In addition, the City is a party to various suits involving use of excessive force by police officers, accidents involving City vehicles and/or property and workman's compensation. The City is unable to make an estimate of the possible liability, if any, of these matters at the current time.

16. DEFERRED COMPENSATION PLANS

The City of Monroe offers its employees deferred compensation plans created in accordance with Internal Revenue Code Section 457, as amended. The plans, available to all employees, permit them to defer a portion of their salaries until future years. Participation in the plans is optional. The City does not make any contributions to the plans. The deferred compensation is not available to employees until termination, retirement or unforeseeable emergency. Deferred compensation is available to employees' beneficiaries in case of death. In accordance with the amended provisions of Code Section 457, all amounts deferred under the plans, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are solely the property and rights of the participants and their beneficiaries. As required by the amended Code Section 457, the City established custodial accounts with a third party administrator who will hold the assets and income of the plans.

Since the assets of the plans are held in a custodial account with a third-party administrator, the assets and liabilities are not presented in the City's financial statements in accordance with GASB 32.

Assets with a fair market value of \$1,543,538 are held by Public Employees Benefit Services Corporation, a deferred compensation center, and assets with a fair market value of \$230,875 are held by ICMA under agreement with the City.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

17. ON-BEHALF PAYMENTS

Certain City employees in the City Marshal's office, the Monroe Police Department and the Monroe Fire Department receive supplemental pay from the state of Louisiana. In accordance with GASB Statement No.24, the City has recorded revenues and expenditures for these payments in the General Fund. Revenues under this arrangement totaled \$1,358,090 and the related expenditures are as follows:

Marshal/Deputy Marshal	\$ 50,240
Monroe Police Department	637,800
Monroe Fire Department	<u>670,050</u>
Total	<u>\$ 1,358,090</u>

18. RISK FINANCING ACTIVITIES

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. There were no major changes in insurance coverage for the year ended April 30, 2006. Certain risks of loss, such as surety bonding, transit liability and indemnity, and activities relating to the operations of Chennault Park, Selman Field Golf Course, the Monroe Civic Center, Louisiana Purchase Gardens and Zoo and Monroe Regional Airport are insured through purchase of commercial insurance with deductibles from \$0 to \$25,000 and coverage limits from \$1,000 (surety bonds) to \$64,000,000 (buildings and contents). Other risks of loss, including fleet comprehensive and liability, long-term disability and comprehensive general liability, are entirely self-insured. Workers compensation losses are self insured up to \$250,000 per occurrence, with excess loss policies in force for claims in excess of the self insured retention. There were no settlements that exceeded insurance coverage for the past three years. All of the foregoing risk financing activities are accounted for in the governmental and proprietary fund types. Long-term liabilities that are covered by structured settlements which are not expected to be liquidated with expendable available financial resources in the governmental funds have been recorded in the General Long-term Obligations Account Group at estimated present value. Other long-term claims and judgments payable recorded in the General Long-term Obligations Account Group, primarily disability and workers' compensation claims, are recorded using actuarial methods. Changes in the claims liability for the year ended April 30, 2006, are as follows:

Balance, April 30, 2005	\$ 4,794,924
Current year claims and changes in estimates	1,354,717
Claims paid	<u>(73,552)</u>
Balance, April 30, 2006	<u>\$ 6,076,089</u>

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

Included in current year claims and changes in estimates are amounts related to workers' compensation claims for incurred but not reported claims (IBNR). IBNR claims include known loss events which are expected to be presented as claims, unknown loss events that are expected to become claims and expected future developments on claims already reported. Actuarial methods were employed to determine the IBNR reserve at April 30, 2006, which was calculated to be approximately \$1.1 million and covers claim years since April 30, 1979.

19. RESTATEMENTS

Beginning net assets of the governmental activities has been increased by \$2,138,167 of which \$2,591,899 was to account for construction in progress not included in prior year for I-20 Corridor projects (\$2,323,409), Street Improvement projects (\$242,216), and Jackson Street Fire Station (\$26,274). Drainage projects construction in progress was overstated in the prior year by \$434,175. Other capital asset adjustments totaling approximately \$337,438 were made for equipment not included on the prior year capital asset listing as well as computational errors. Beginning net assets were also decreased by \$356,995 for an overstatement of bond issue cost.

Beginning net assets of business-type activities have been increased by \$789,242 of which \$782,390 represents water and sewer construction in progress and \$6,852 in airport construction in progress.

20. PASSENGER FACILITY CHARGE-MONROE REGIONAL AIRPORT

On January 23, 2003, the Monroe Regional Airport (Airport) received approval from the Federal Aviation Administration (FAA) to impose a \$4.50 passenger facility charge (PFC) in accordance with Section 158.29 of the FAA Regulations (Title 14, Code of Federal Regulations, Part 158). On December 20, 2005, the Airport received approval to continue collecting the charge through September 1, 2007.

FAA regulations require that PFC revenues be recognized and reported as non-operating revenues in the year the fees are remitted by the air carriers (cash basis of accounting). Likewise, payments to vendors are also reported when disbursed, not when incurred. However, for financial reporting purposes, GAAP requires that these revenues and expenses be recorded on the modified accrual basis of accounting.

FAA regulations also require certain financial statement disclosures with regard to passenger facility charges. Any PFC revenue received, but not yet spent, along with interest income, is classified as restricted net assets on the Statement of Net Assets.

CITY OF MONROE
Monroe, Louisiana

Notes To The Financial Statements
As of And For The Year Ended April 30, 2006

The FAA approved a total collection of \$1,134,672, from April 1, 2003 until January 31, 2006 for three approved projects. On December 20, 2005, the FAA approved collections of \$720,000 for one additional project. These projects as well as the amounts disbursed and the remaining dollars available are as follows:

Description	Project Amount	Disbursements	Available
Aircraft loading equipment improvement	\$ 641,748	\$ 516,039	\$ 125,709
Rehabilitate airfield lighting	452,224	33	452,191
PFC application professional fees	40,700	40,700	-
Passenger terminal scoping and planning study	720,000	-	720,000
Total	<u>\$ 1,854,672</u>	<u>\$ 556,772</u>	<u>\$ 1,297,900</u>

It should be noted that the rehabilitation of the airfield lighting has been covered by State funding which negates the need to use PFC revenues to cover this project. A consultant has been hired to amend this original application and to submit a new application on behalf of the City.

Since the inception of the PFC, the Airport has recorded the following revenues / receipts and expenses / disbursements through fiscal year 2006 resulting in a restriction of net assets from passenger facility charges as follows:

	Accrual Basis	Cash Basis
PFC revenues / receipts	\$ 1,404,905	\$ 1,324,610
Interest earnings	5,523	5,523
Total revenues / receipts	1,410,428	1,330,133
Expenses / disbursements for PFC projects	(556,772)	(556,772)
Net PFC cash, April 30, 2006		\$ 773,361
Net assets restricted for PFC, April 30, 2006	<u>\$ 853,656</u>	

Any remaining funds after the completion of the projects will require a plan for the use of this revenue be submitted to the FAA for review and concurrence.

**REQUIRED SUPPLEMENTAL INFORMATION
(PART B)**

CITY OF MONROE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006
(Unaudited)

REVENUES	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
Taxes:				
General property taxes	\$ 3,478,788	\$ 3,775,911	\$ 3,768,657	\$ (7,254)
1974 Recreational maintenance taxes	587,724	637,922	636,686	(1,236)
1974 Public safety taxes	332,931	361,367	360,671	(696)
1974 Drainage taxes	411,068	446,177	445,308	(869)
Capital improvement tax	1,090,519	1,183,660	1,181,355	(2,305)
Police department tax	502,793	545,737	544,670	(1,067)
Fire department tax	502,793	545,737	544,670	(1,067)
Beer tax	79,600	79,600	67,867	(11,733)
General sales taxes	28,720,000	30,224,000	31,082,091	858,091
Liquor Licenses	75,000	75,000	74,357	(643)
Occupational Licenses	2,221,000	2,221,000	2,490,865	269,865
Sound Permits	150	150	-	(150)
Building permits	94,600	94,600	81,606	(12,994)
Sewer permits	42,500	42,500	21,497	(21,003)
Plumbing permits	36,250	36,250	32,240	(4,010)
Electrical permits	30,250	30,750	26,794	(3,956)
Gas permits	9,600	9,600	14,539	4,939
Heat and air conditioning permits	12,200	12,200	13,520	1,320
Mobile sign permits	3,600	3,600	1,545	(2,055)
Culvert/Drainage Project Permit	-	1,000	3,175	2,175
Franchise fees	684,000	684,000	779,004	95,004
Federal grants	22,865	66,865	396,956	330,091
State grants - Supplemental Pay	1,494,000	1,494,000	1,358,090	(135,910)
State grants - Golf Courses	-	19,165	19,165	-
Signal Light Reimbursement	-	190,320	190,784	464
Local grants	150	150	-	(150)
Sales tax commission - School Board	335,000	335,000	389,574	54,574
Sales tax commission - West Monroe	51,000	51,000	51,000	-
Sales tax commission - Police Jury	39,000	39,000	37,800	(1,200)
Sales tax commission - Sterlington	850	1,500	1,808	308
Sales tax commission - Richwood	180	180	180	-
Sales tax commission - Street Improvement Fund	82,500	82,500	89,208	6,708
Sales tax commission - Fire	-	24,849	21,739	(3,110)
Sales tax commission - Police	-	26,890	21,739	(5,151)
Sales tax commission - Hotel/Motel	4,000	4,000	4,000	-
City sanitation service	3,126,000	3,126,000	2,993,367	(132,633)
Recreation department revenue	94,300	69,205	45,715	(23,490)
Grass cutting fees	16,500	16,500	8,225	(8,275)
City Court civil fees	115,000	115,000	113,267	(1,733)
Community policing fee	-	120,000	126,041	6,041
Appearance & surrender fee	70,000	70,000	51,320	(18,680)
Zoning income	73,430	73,430	81,905	8,475
Security service	160,000	-	-	-
Entergy franchise fees	1,400,000	1,800,000	2,292,372	492,372
Cemetery lots	13,250	15,250	21,700	6,450
Golf course fees	686,381	686,381	598,705	(87,676)
American Pmt System Fees (BellSouth commissions)	51,000	51,000	31,765	(19,235)
Postage	-	5,000	8,703	3,703
Legal & other Professional	-	59,840	81,987	22,147
False alarms fines	12,000	31,000	29,673	(1,327)
Equipment fund from court fines	-	3,250	4,100	850
City Court fines	563,500	563,500	621,954	58,454
Parking fines	16,800	250	155	(95)
Rental income	142,936	133,961	176,837	42,876
Interest income	82,000	300,000	221,789	(78,211)
Municipal golf course rent	15,000	15,000	-	(15,000)
Miscellaneous revenue	128,308	128,308	143,038	14,730
Penalty and interest	28,292	28,292	25,797	(2,495)
Police miscellaneous	40,000	40,000	85,205	45,205
Total revenues	47,778,608	50,797,347	52,516,780	1,719,433

CITY OF MONROE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
EXPENDITURES				
Legislative division - council and staff	283,466	283,816	280,630	3,186
Executive division - chief executive and staff	411,746	436,518	419,077	17,441
Administration division	6,015,171	6,581,897	5,464,923	1,116,974
Judicial division	1,786,789	1,815,967	1,864,089	(48,122)
Legal division	657,392	657,392	635,906	21,486
Planning and Urban development division	832,752	873,805	837,988	35,817
Engineering division	814,385	1,014,705	943,177	71,528
Police division	11,427,912	11,383,912	10,944,498	439,414
Fire division	11,117,751	11,198,751	10,756,443	442,308
Public works division	7,404,332	7,821,032	7,509,005	312,027
Community affairs division	3,886,539	3,980,066	3,870,300	109,766
Debt Service:				
General interest expense	99,575	115,925	414,896	(298,971)
Capital leases	-	-	398,439	(398,439)
Swimming pool renovations	141,128	141,128	123,200	17,928
Claims and judgments	191,862	191,862	117,043	74,819
Total debt service	432,565	448,915	1,053,578	(604,663)
Capital Expenditures	120,000	136,575	456,607	(320,032)
Total expenditures	45,190,800	46,633,351	45,036,221	1,597,130
EXCESS OF REVENUES OVER EXPENDITURES	2,587,808	4,163,996	7,480,559	3,316,563
OTHER FINANCING SOURCES (USES)				
Sale of assets	-	381,210	384,210	3,000
Total	-	381,210	384,210	3,000
Transfers in:				
Street Assessment	-	1,480	1,480	-
Urban Systems Assessments	-	1,300	1,300	-
1988 St Overlay Phase I	-	4,391	3,064	(1,327)
1988 St Overlay Phase II	-	334	334	-
Urban Sys Ord 9432	-	522	522	-
River Front Project	-	-	78,151	78,151
Monroe Regional Airport	410,000	410,000	404,755	(5,245)
Utility Fund	1,000,000	1,000,000	1,000,000	-
Total transfers in	1,410,000	1,418,027	1,489,606	71,579
Transfers out:				
Prisoner housing	(360,000)	(437,840)	(450,230)	(12,390)
Police and Fire pension	(824,448)	(824,448)	(817,622)	6,826
Louisiana Purchase Gardens and Zoo	(117,429)	(112,907)	(203,009)	(90,102)
Monroe Transit System	(1,738,362)	(1,738,362)	(2,352,741)	(614,379)
Civic Center	(254,271)	(223,304)	(129,760)	93,544
Livestock Arena	(2,500)	(4,750)	(5,035)	(285)
Central Shop and Warehouse	(606,998)	(606,998)	(553,564)	53,434
Louisiana Polklife Festival	(60,000)	(60,000)	(66,203)	(6,203)
Demolition	(50,000)	(50,000)	(50,000)	-
Capital Project Admin	-	-	(153,891)	(153,891)
I-20 Corridor Improvements	-	-	(3,530)	(3,530)
I-20 Corridor Debt Service	-	-	(3,675)	(3,675)
Tower Drive	-	(9,775)	(9,340)	435
LETTP	-	-	(11,629)	(11,629)
Airport Drainage	-	-	(13,408)	(13,408)
Zoo Interactive Exhibit	-	-	(52,450)	(52,450)
Economic Development	-	-	(47,500)	(47,500)
Total transfers out	(4,014,008)	(4,068,384)	(4,923,587)	(855,203)
Total other financing sources (uses)	(2,604,008)	(2,269,147)	(3,049,771)	(780,624)
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	(16,200)	1,894,849	4,430,788	2,535,939
FUND BALANCE, BEGINNING OF YEAR	2,939,113	16,975	1,544,988	1,528,013
FUND BALANCE, END OF YEAR	\$ 2,922,913	\$ 1,911,824	\$ 5,975,776	\$ 4,063,952

CITY OF MONROE
CAPITAL INFRASTRUCTURE SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES-BUDGET AND ACTUAL
FOR THE YEAR ENDED APRIL 30, 2006
(Unaudited)

	Budgeted Amounts		Actual Amounts	Variance with Final Budget- Positive (Negative)
	Original	Final		
REVENUES				
Sales Tax -Street Improvement	\$ 12,009,686	\$ 12,009,686	\$ 12,974,724	\$ 965,038
Interest income	100,000	100,000	161,606	61,606
Miscellaneous income	-	-	802	802
Total revenues	<u>12,109,686</u>	<u>12,109,686</u>	<u>13,137,132</u>	<u>1,027,446</u>
EXPENDITURES				
Current:				-
Public works	966,210	1,063,874	1,029,551	34,323
Capital Outlay	12,000	2,000	-	2,000
Total expenditures	<u>978,210</u>	<u>1,065,874</u>	<u>1,029,551</u>	<u>36,323</u>
EXCESS OF REVENUES OVER EXPENDITURES	11,131,476	11,043,812	12,107,581	1,063,769
OTHER FINANCING SOURCES (USES)				
Transfers In	-	206,311	5,886,040	5,679,729
Transfers Out	<u>(11,131,476)</u>	<u>(11,043,812)</u>	<u>(12,091,166)</u>	<u>(1,047,354)</u>
Total other financing sources (uses)	<u>(11,131,476)</u>	<u>(10,837,501)</u>	<u>(6,205,126)</u>	<u>4,632,375</u>
EXCESS OF REVENUES AND OTHER FINANCING SOURCES OVER EXPENDITURES AND OTHER FINANCING USES	-	206,311	5,902,455	5,696,144
FUND BALANCE, BEGINNING OF YEAR	<u>236,846</u>	<u>236,846</u>	<u>1,963,368</u>	<u>1,726,522</u>
FUND BALANCE, END OF YEAR	<u>\$ 236,846</u>	<u>\$ 443,157</u>	<u>\$ 7,865,823</u>	<u>\$ 7,422,666</u>

OTHER SUPPLEMENTAL INFORMATION

CITY OF MONROE
Monroe, Louisiana
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
AS OF APRIL 30, 2006

	SPECIAL REVENUES FUNDS	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUNDS	TOTAL NONMAJOR GOVERNMENTAL FUNDS
ASSETS				
Current Assets:				
Cash and cash equivalents	\$ 4,713,058	\$ 5,892,371	\$ 5,517,635	\$ 16,123,064
Investments, at cost	-	-	-	-
Accounts receivable, net	-	-	-	-
Trade	-	-	-	-
Ad valorem taxes	-	16,582	-	16,582
Other	772,307	-	734,007	1,506,314
Sales tax	489,855	854,558	-	1,344,413
Due from other funds	310,456	189,204	1,337,688	1,837,348
Other assets	653,606	-	-	653,606
TOTAL ASSETS	\$ 6,939,282	\$ 6,952,715	\$ 7,589,330	\$ 21,481,327
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts and retainage payable	\$ 273,621	\$ -	\$ 329,902	\$ 603,523
Due to other funds	607,674	2,100	1,472,874	2,082,648
Deferred revenue	678,492	16,582	-	695,074
Other current liabilities	130,049	-	-	130,049
Total liabilities	1,689,836	18,682	1,802,776	3,511,294
Fund Balances:				
Reserved for:				
Capital improvement	-	-	5,273,915	5,273,915
Debt service	-	6,934,033	-	6,934,033
Unreserved/undesignated	5,249,446	-	512,639	5,762,085
Total fund balances	5,249,446	6,934,033	5,786,554	17,970,033
TOTAL LIABILITIES AND FUND BALANCES	\$ 6,939,282	\$ 6,952,715	\$ 7,589,330	\$ 21,481,327

CITY OF MONROE
Monroe, Louisiana

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED APRIL 30, 2006**

	<u>SPECIAL REVENUES FUNDS</u>	<u>DEBT SERVICE FUNDS</u>	<u>CAPITAL PROJECTS FUNDS</u>	<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
Revenues				
Taxes:				
Ad valorem	\$ -	\$ 222,417	\$ -	\$ 222,417
Sales	6,299,112	3,175,786	-	9,474,898
Intergovernmental:				
Federal	2,438,068	-	234,617	2,672,685
State	185,881	-	228,694	414,575
Charges for services	104,005	-	450,742	554,747
Fines and forfeitures	94,735	-	-	94,735
Use of money and property	131,480	151,609	232,096	515,185
Other revenues	80,732	-	110,080	190,812
Total revenues	<u>9,334,013</u>	<u>3,549,812</u>	<u>1,256,229</u>	<u>14,140,054</u>
Expenditures				
General Government	236,683	-	153,764	390,447
Public safety	7,437,815	-	11,000	7,448,815
Public works	98,917	-	762,847	861,764
Planning and urban development	1,529,330	-	10,758	1,540,088
Culture and recreation	212,602	-	70,000	282,602
Economic development	80,761	-	-	80,761
Debt service	-	3,447,624	-	3,447,624
Capital expenditures	133,240	-	1,237,193	1,370,433
Total operating expenses	<u>9,729,348</u>	<u>3,447,624</u>	<u>2,245,562</u>	<u>15,422,534</u>
Excess (Deficiency) of Revenues Over Expenditures	(395,335)	102,188	(989,333)	(1,282,480)
Other Financing Sources/(Uses)				
Proceeds from issuance of debt	-	-	681,544	681,544
Sale of assets	-	-	-	-
Transfers in	1,872,844	1,317,274	1,472,492	4,662,610
Transfers out	-	(6,698)	(3,388,609)	(3,395,307)
Total other financing sources/(uses)	<u>1,872,844</u>	<u>1,310,576</u>	<u>(1,234,573)</u>	<u>1,948,847</u>
Excess (Deficiency) of Revenues and Sources Over Expenditures and Uses	1,477,509	1,412,764	(2,223,906)	666,367
Fund Balances at Beginning of Year	<u>3,771,937</u>	<u>5,521,269</u>	<u>8,010,460</u>	<u>17,303,666</u>
FUND BALANCES AT END OF YEAR	<u>\$ 5,249,446</u>	<u>\$ 6,934,033</u>	<u>\$ 5,786,554</u>	<u>\$ 17,970,033</u>

NONMAJOR SPECIAL REVENUE FUNDS

City of Monroe
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds

For the Year Ended April 30, 2006

	Fire Department Insurance	Community Development Block Grant	Urban Development Action Grant	Rental Rehab	Water Certification	Economic Development	Emergency Shelter	Bicycle Trail
ASSETS								
Cash and cash equivalents	\$ 172,735	\$ 30,931	\$ 18,190	\$ 25,096	\$ 928	\$ 25,596	\$ 2,349	\$ 4,666
Receivables	-	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Other receivables	-	138,272	-	-	-	-	68,924	-
Due from other funds	-	58,465	-	146,080	-	-	-	-
Prepaid expenses & other assets, net	-	-	-	199,305	-	-	-	-
Total Assets	\$ 172,735	\$ 227,668	\$ 18,190	\$ 370,481	\$ 928	\$ 25,596	\$ 72,273	\$ 4,666
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts and retainage payable	\$ 2,025	\$ 10,155	\$ -	\$ -	\$ -	\$ -	\$ 63,468	\$ -
Due to other funds	-	215,806	-	-	-	9,837	40	-
Deferred revenue	-	-	-	205,996	-	-	-	-
Other current liabilities	-	1,707	-	2,821	-	-	-	-
Total Liabilities	2,025	227,668	-	208,817	-	9,837	63,508	-
Fund Balances								
Unreserved/undesignated	170,710	-	18,190	161,664	928	15,759	8,765	4,666
Total Fund Balances	170,710	-	18,190	161,664	928	15,759	8,765	4,666
Total Liabilities and Fund Balances	\$ 172,735	\$ 227,668	\$ 18,190	\$ 370,481	\$ 928	\$ 25,596	\$ 72,273	\$ 4,666

(Continued)

City of Monroe
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds (Continued)

For the Year Ended April 30, 2006

	CDBG Home	CDBG Loan	City Prosecuting Attorney	MPD Youth	D.A.R.E. Program	Prisoner Housing	Junior Tennis	Diversion Program
ASSETS								
Cash and cash equivalents	\$ -	\$ 54,378	\$ 46,042	\$ 1,256	\$ 29,342	\$ -	\$ 6,309	\$ 308,261
Receivables								
Sales taxes	-	-	-	-	-	-	-	-
Other receivables	120,174	-	-	-	12,950	6,780	-	1,000
Due from other funds	20,312	-	-	-	-	30,683	-	42,885
Prepaid expenses & other assets, net	342,047	112,254	-	-	-	-	-	-
Total Assets	\$ 482,533	\$ 166,632	\$ 46,042	\$ 1,256	\$ 42,292	\$ 37,463	\$ 6,309	\$ 352,146
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts and retainage payable	\$ 100,900	\$ -	\$ -	\$ -	\$ -	\$ 37,463	\$ -	\$ -
Due to other funds	65,623	-	-	-	-	-	-	1,676
Deferred revenue	309,772	89,801	-	-	-	-	-	-
Other current liabilities	6,238	29,207	-	-	-	-	-	-
Total Liabilities	482,533	119,008	-	-	-	37,463	-	1,676
Fund Balances								
Unreserved/undesignated	-	47,624	46,042	1,256	42,292	-	6,309	350,470
Total Fund Balances	-	47,624	46,042	1,256	42,292	-	6,309	350,470
Total Liabilities and Fund Balances	\$ 482,533	\$ 166,632	\$ 46,042	\$ 1,256	\$ 42,292	\$ 37,463	\$ 6,309	\$ 352,146

(Continued)

City of Monroe
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds (Continued)

For the Year Ended April 30, 2006

	Community Revitalization	Problem Solving Grant	Drug Seizure Forfeiture	Friends of City Employees	Litter Abatement Program	Cluna Delegation Trip	Christmas Display	Metro Share Grant Program
ASSETS								
Cash and cash equivalents	\$ 2,090	\$ 27,846	\$ 5,551	\$ 9	\$ 1,911	\$ 1,817	\$ 5,062	\$ 1,851
Receivables	-	-	-	-	-	-	-	-
Sales taxes	-	-	-	-	-	-	-	-
Other receivables	-	-	1,085	-	-	-	-	-
Due from other funds	-	-	-	-	-	-	-	-
Prepaid expenses & other assets, net	-	-	-	-	-	-	-	-
Total Assets	\$ 2,090	\$ 27,846	\$ 6,636	\$ 9	\$ 1,911	\$ 1,817	\$ 5,062	\$ 1,851
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts and retainage payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	-	-	-	-
Deferred revenue	-	-	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-	-	2,230
Total Liabilities	-	-	-	-	-	-	-	2,230
Fund Balances								
Unreserved/undesignated	2,090	27,846	6,636	9	1,911	1,817	5,062	(379)
Total Fund Balances	2,090	27,846	6,636	9	1,911	1,817	5,062	(379)
Total Liabilities and Fund Balances	\$ 2,090	\$ 27,846	\$ 6,636	\$ 9	\$ 1,911	\$ 1,817	\$ 5,062	\$ 1,851

(Continued)

City of Monroe
Monroe, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
Special Revenue Funds (Continued)

For the Year Ended April 30, 2006

	Law Enforcement Block Grant 2003	Peer Mediation	Law Enforcement Block Grant 2004	Police Salary Sales Tax	Fire Salary Sales Tax	PFTA	Justice Assistance Grant	Terrorism Prevention
ASSETS								
Cash and cash equivalents	\$ 1,675	\$ 8,854	\$ 7,031	\$ 512,095	\$ 625,499	\$ 1,328,553	\$ 84,600	\$ -
Receivables	-	-	-	-	244,928	-	-	-
Sales taxes	-	-	-	-	244,928	-	-	-
Other receivables	-	1,670	-	-	-	-	-	67,111
Due from other funds	-	-	-	-	-	-	-	11,628
Prepaid expenses & other assets, net	-	-	-	-	-	-	-	-
Total Assets	\$ 1,675	\$ 10,524	\$ 7,031	\$ 757,022	\$ 870,427	\$ 1,328,553	\$ 84,600	\$ 78,739
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts and retarnage payable	\$ -	\$ -	\$ 1,051	\$ -	\$ -	\$ -	\$ 22,705	\$ 35,854
Due to other funds	-	-	-	-	-	-	-	42,885
Deferred revenue	1,178	6,949	2,901	-	-	-	61,895	-
Other current liabilities	-	-	-	-	-	-	-	-
Total Liabilities	1,178	6,949	3,952	-	-	-	84,600	78,739
Fund Balances								
Unreserved/unassigned	497	3,575	3,079	757,022	870,427	1,328,553	-	-
Total Fund Balances	497	3,575	3,079	757,022	870,427	1,328,553	-	-
Total Liabilities and Fund Balances	\$ 1,675	\$ 10,524	\$ 7,031	\$ 757,022	\$ 870,427	\$ 1,328,553	\$ 84,600	\$ 78,739

(Continued)

City of Monroe
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Special Revenue Funds (Concluded)

For the Year Ended April 30, 2006

	Hurricane Katrina Expense	Hurricane Katrina Relief	Downtown Economic Development	Mayor's Economic Development	Home Program Loan	Total
ASSETS						
Cash and cash equivalents	\$ -	\$ 720	\$ 53,140	\$ 1,280,558	\$ 37,117	\$ 4,713,058
Receivables						
Sales taxes	-	-	-	-	-	489,855
Other receivables	339,341	-	15,000	-	-	772,307
Due from other funds	-	-	-	403	-	310,456
Prepaid expenses & other assets, net	-	-	-	-	-	653,606
Total Assets	\$ 339,341	\$ 720	\$ 68,140	\$ 1,280,961	\$ 37,117	\$ 6,939,282
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts and retainage payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 273,621
Due to other funds	251,495	-	-	-	20,312	607,674
Deferred revenue	-	-	-	-	-	678,492
Other current liabilities	87,846	-	-	-	-	130,049
Total Liabilities	\$ 339,341	\$ -	\$ -	\$ -	\$ 20,312	\$ 1,689,836
Fund Balances						
Unreserved/undesignated	-	720	68,140	1,280,961	16,805	5,249,446
Total Fund Balances	\$ -	\$ 720	\$ 68,140	\$ 1,280,961	\$ 16,805	\$ 5,249,446
Total Liabilities and Fund Balances	\$ 339,341	\$ 720	\$ 68,140	\$ 1,280,961	\$ 37,117	\$ 6,939,282

City of Monroe
Monroe, Louisiana
Nonmajor Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended April 30, 2006

	Fire Department Insurance	Community Development Block Grant	Urban Development Action Grant	Rental Reimb	Water Certification	Economic Development	Emergency Shelter	Martin Luther King Day	Bicycle Trail
REVENUES									
Taxes									
Sales		\$	\$	\$	\$	\$	\$	\$	\$
Fees, charges and commissions for services					1,350				
Use of money and property				317					
Other revenues				32					
Fines and Forfeitures									
Intergovernmental							95,495		
Federal Grants	161,645	1,067,162							
State Grants	161,645	1,067,162		349	1,350		95,495		
Total Revenues									
EXPENDITURES									
Current:									
General Government									
Judicial									
Financial Administration									
Public Safety									
Police									
Fire	188,685								
Public Works									
Culture - Recreation									
Planning and urban development		1,062,112	829		9,440	39,541	86,730		
Economic Development and Assistance									
Capital Outlay		5,050							
Total Expenditures	188,685	1,067,162	829		9,440	39,541	86,730		
Excess (deficiency) of revenues over expenditures	(27,040)		(829)	349	(8,090)	(39,541)	8,765	(3)	
Other Financing Sources (Uses)									
Transfers in									
Total Other Financing Sources (Uses)									
Net changes in fund balances	(27,040)		(829)	349	(8,090)	(39,541)	8,765	(3)	
Fund balances - beginning	197,750		19,019	161,315	9,018	55,300			4,666
Fund balances - ending	170,710		18,190	161,664	928	15,759	8,765		4,666

(Continued)

City of Monroe
 Monroe, Louisiana
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances (Continued)

For the Year Ended April 30, 2006

	CDBG Home	MDP Law Enforcement Training	CDBG Loan	City Prosecuting Attorney	MPD Youth	D.A.R.E. Program	Delta Fest	Prisoner Housing	Junior Tennis
REVENUES									
Taxes									
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Fees, charges and commissions for services									
Use of money and property	158	-	2,875	-	-	-	-	-	-
Other revenues	20,330	-	9,725	-	-	-	3,750	-	-
Fines and Forfeitures	-	-	-	13,375	-	-	-	73,440	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Federal Grants	287,463	-	-	-	-	47,549	-	-	-
State Grants	-	-	-	-	-	-	9,236	-	-
Total Revenues	307,951	-	12,600	13,375	-	47,549	12,986	73,440	-
EXPENDITURES									
Current									
General Government									
Judicial	-	-	-	4,124	-	-	-	-	-
Financial Administration	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	416	-	-	523,670	-
Police	-	177	-	-	-	5,257	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Culture - Recreation	-	-	-	-	-	-	79,188	-	-
Planning and urban development	307,951	-	31,469	-	-	-	-	-	-
Economic Development and Assistance	-	-	-	-	-	-	-	-	-
Capital Outlay	-	-	-	-	-	-	-	-	-
Total Expenditures	307,951	177	31,469	4,124	416	5,257	79,188	523,670	-
Excess (deficiency) of revenues over expenditures		(177)	(18,869)	9,251	(416)	42,292	(66,202)	(450,230)	
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	66,202	450,230	-
Total Other Financing Sources (Uses)	-	-	-	-	-	-	66,202	450,230	-
Net changes in fund balances	-	(177)	(18,869)	9,251	(416)	42,292	-	-	-
Fund balances - beginning	-	177	66,493	36,791	1,672	-	-	-	6,309
Fund balances - ending	\$ -	\$ -	\$ 47,624	\$ 46,042	\$ 1,256	\$ 42,292	\$ -	\$ -	\$ 6,309

(Continued)

City of Monroe
 Monroe, Louisiana
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances (Continued)

For the Year Ended April 30, 2006

	Diverse Program	Community Reinvestment	Problem Solving Grant	Drug Seizure Forfeiture	Friends of City Employees	Litter Abatement Program	Browfields Study Program	China Delegation Trip	Christmas Display
REVENUES									
Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales	95,350	-	-	-	-	-	-	-	7,305
Fees, charges and commissions for services	-	-	-	-	-	-	-	-	-
Use of money and property	-	-	-	-	-	-	-	-	-
Other revenues	-	-	-	-	2,875	-	-	-	-
Fines and forfeitures	-	-	-	7,920	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Federal Grants	-	-	-	-	-	-	14,046	-	-
State Grants	-	-	-	-	-	-	-	-	-
Total Revenues	<u>95,350</u>	<u>-</u>	<u>-</u>	<u>7,920</u>	<u>2,875</u>	<u>-</u>	<u>14,046</u>	<u>-</u>	<u>7,305</u>
EXPENDITURES									
Current:									
General Government									
Judicial	96,842	-	-	-	-	-	-	-	-
Financial Administration	-	-	-	-	-	-	-	-	-
Public Safety	-	-	-	-	-	-	-	-	-
Police	-	-	-	-	-	-	-	-	-
Fire	-	-	-	-	-	-	-	-	-
Public Works	-	-	-	-	-	-	-	-	-
Culture - Recreation	-	-	-	-	-	-	14,046	-	-
Planning and urban development	-	-	-	-	2,924	-	-	-	2,300
Economic Development and Assistance	-	-	-	-	-	-	-	-	-
Capital Outlay	35,136	-	-	-	-	-	-	-	-
Total Expenditures	<u>131,980</u>	<u>-</u>	<u>-</u>	<u>7,920</u>	<u>2,924</u>	<u>-</u>	<u>14,046</u>	<u>-</u>	<u>2,300</u>
Excess (deficiency) of revenues over expenditures	(36,630)	-	-	7,920	(49)	-	-	-	5,005
Other Financing Sources (Uses)									
Transfers in	-	-	-	-	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	(36,630)	-	-	7,920	(49)	-	-	-	5,005
Fund balances - beginning	387,100	2,090	27,846	(1,284)	58	1,911	-	1,817	57
Fund balances - ending	<u>\$ 350,470</u>	<u>\$ 2,090</u>	<u>\$ 27,846</u>	<u>\$ 6,636</u>	<u>\$ 9</u>	<u>\$ 1,911</u>	<u>\$ -</u>	<u>\$ 1,817</u>	<u>\$ 5,062</u>

(Continued)

City of Monroe
Monroe, Louisiana
Major Special Revenue Funds
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances (Continued)

For the Year Ended April 30, 2006

	Metro Share Grant Program	Law Enforcement Block Grant 2003	Peer Mediation	Law Enforcement Block Grant 2004	Police Salary Sales Tax	Fire Salary Sales Tax	PTFA	Justice Assistance Grant	Terrorism Prevention
REVENUES									
Taxes	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sales	-	-	-	-	3,149,556	3,149,556	-	-	-
Fees, charges and commissions for services	-	-	-	-	-	-	-	-	-
Use of money and property	-	148	-	2,650	31,961	30,891	53,734	-	-
Other revenues	-	-	-	-	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-	-	-	-
Federal Grants	-	71	14,323	45,933	-	-	13,430	121,809	-
State Grants	-	-	-	-	-	-	-	-	-
Total Revenues		<u>219</u>	<u>14,323</u>	<u>48,583</u>	<u>3,181,517</u>	<u>3,180,447</u>	<u>53,734</u>	<u>13,430</u>	<u>121,809</u>
EXPENDITURES									
Current									
General Government									
Judicial									
Financial Administration									
Public Safety									
Police									
Fire									
Public Works									
Culture - Recreation									
Planning and urban development									
Economic Development and Assistance									
Capital Outlay									
Total Expenditures		<u>71</u>	<u>15,390</u>	<u>51,360</u>	<u>3,155,838</u>	<u>3,061,124</u>	<u>26,095</u>	<u>13,430</u>	<u>40,385</u>
Excess (deficiency) of revenues over expenditures		<u>148</u>	<u>(1,067)</u>	<u>(2,777)</u>	<u>25,679</u>	<u>119,323</u>	<u>27,639</u>	<u>-</u>	<u>(11,628)</u>
Other Financing Sources (Uses)									
Transfers in									
Total Other Financing Sources (Uses)									
Net changes in fund balances		<u>148</u>	<u>(1,067)</u>	<u>(2,777)</u>	<u>25,679</u>	<u>119,323</u>	<u>27,639</u>	<u>-</u>	<u>11,628</u>
Fund balances - beginning		<u>(379)</u>	<u>349</u>	<u>5,856</u>	<u>731,343</u>	<u>751,104</u>	<u>1,300,914</u>	<u>-</u>	<u>-</u>
Fund balances - ending		<u>(497)</u>	<u>3,575</u>	<u>3,079</u>	<u>757,022</u>	<u>870,427</u>	<u>1,328,553</u>	<u>-</u>	<u>11,628</u>

(Continued)

City of Monroe
 Monroe, Louisiana
 Nonmajor Special Revenue Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances (Concluded)

For the Year Ended April 30, 2006

	Hurricane Katrina Expense	Hurricane Katrina Relief	Downtown Economic Development	Mayor's Economic Development	Home Program Loan	Total
REVENUES						
Taxes						
Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,299,112
Fees, charges and commissions for services	-	-	-	-	-	104,005
Use of money and property	-	-	-	-	8,746	131,430
Other revenues	-	31,519	-	4,442	8,059	80,732
Fines and Forfeitures	-	-	-	-	-	94,735
Intergovernmental	-	-	-	-	-	-
Federal Grants	730,787	-	-	-	-	2,438,068
State Grants	-	-	15,000	-	-	185,881
Total Revenues	<u>730,787</u>	<u>31,519</u>	<u>15,000</u>	<u>4,442</u>	<u>16,805</u>	<u>9,334,013</u>
EXPENDITURES						
Current						
General Government						
Judicial	35,757	-	-	-	-	136,723
Financial Administration	99,960	-	-	-	-	99,960
Public Safety						
Police	345,077	-	-	-	-	4,151,071
Fire	36,935	-	-	-	-	3,286,744
Public Works	84,871	-	-	-	-	98,917
Culture - Recreation	128,187	-	-	-	-	212,602
Planning and urban development	-	30,799	-	-	-	1,529,330
Economic Development and Assistance	-	-	15,000	125	-	80,761
Capital Outlay	-	-	-	-	-	133,240
Total Expenditures	<u>730,787</u>	<u>30,799</u>	<u>15,000</u>	<u>125</u>	<u>-</u>	<u>9,729,348</u>
Excess (deficiency) of revenues over expenditures	-	720	-	4,317	16,805	(395,335)
Other Financing Sources (Uses)						
Transfers in	-	-	68,140	1,276,644	-	1,872,844
Total Other Financing Sources (Uses)	-	-	<u>68,140</u>	<u>1,276,644</u>	-	<u>1,872,844</u>
Net changes in fund balances	-	720	68,140	1,280,961	16,805	1,477,509
Fund balances - beginning	-	-	-	-	-	3,771,937
Fund balances - ending	\$ -	\$ 720	\$ 68,140	\$ 1,280,961	\$ 16,805	\$ 5,249,446

NONMAJOR DEBT SERVICE FUNDS

City of Monroe
Monroe, Louisiana
Combining Balance Sheet
Nonmajor Governmental Funds
Debt Service Funds

For the Year Ended April 30, 2006

	<u>City Court and Jail Improvements</u>	<u>I-20 Corridor</u>	<u>Tower Drive Development</u>	<u>Police and Fire Pension</u>	<u>Total</u>
ASSETS					
Cash and cash equivalents	\$ 202,107	\$ 4,999,782	\$ 613,538	\$ 76,944	\$ 5,892,371
Receivables					
Ad valorem taxes	16,582	-	-	-	16,582
Sales taxes	-	600,706	253,852	-	854,558
Other receivables	-	-	-	-	-
Due from other funds	-	146,070	43,134	-	189,204
Prepaid expenses & other assets, net	-	-	-	-	-
Total Assets	<u>\$ 218,689</u>	<u>\$ 5,746,558</u>	<u>\$ 910,524</u>	<u>\$ 76,944</u>	<u>\$ 6,952,715</u>
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts and retainage payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	2,100	-	2,100
Deferred revenue	16,582	-	-	-	16,582
Other current liabilities	-	-	-	-	-
Total Liabilities	<u>16,582</u>	<u>-</u>	<u>2,100</u>	<u>-</u>	<u>18,682</u>
Fund Balances					
Reserved for:					
Debt service	202,107	5,746,558	908,424	76,944	6,934,033
Capital improvements	-	-	-	-	-
Unreserved/undesignated	-	-	-	-	-
Capital projects funds	-	-	-	-	-
Total Fund Balances	<u>202,107</u>	<u>5,746,558</u>	<u>908,424</u>	<u>76,944</u>	<u>6,934,033</u>
Total Liabilities and Fund Balances	<u>\$ 218,689</u>	<u>\$ 5,746,558</u>	<u>\$ 910,524</u>	<u>\$ 76,944</u>	<u>\$ 6,952,715</u>

City of Monroe
 Monroe, Louisiana
 Nonmajor Debt Service Funds
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances

For the Year Ended April 30, 2006

	City Court and Jail Improvements	Street Assessment	Urban Systems Assessment	1988 Street Overlay Phase I	1988 Street Overlay Phase II	Urban Systems Ordinance 9432	I-20 Economic Development District	Tower Drive Development District	Police and Fire Pension	Total
REVENUES										
Taxes										
Ad valorem	\$ 222,417	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 222,417
Sales	-	-	-	-	-	-	2,131,532	1,044,254	-	3,175,786
Use of money and property	-	-	-	-	-	-	127,794	23,611	204	151,609
Total Revenues	<u>222,417</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,259,326</u>	<u>1,067,865</u>	<u>204</u>	<u>3,549,812</u>
EXPENDITURES										
Debt Service:										
Debt Service Principle	150,000	-	-	-	-	-	840,000	650,000	600,000	2,240,000
Debt Service Interest and fees	19,380	-	-	-	-	-	652,885	303,912	231,447	1,207,624
Total Expenditures	<u>169,380</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,492,885</u>	<u>953,912</u>	<u>831,447</u>	<u>3,447,624</u>
Excess (deficiency) of revenues over expenditures	53,037	-	-	-	-	-	766,441	113,953	(831,243)	102,188
Other Financing Sources (Uses)										
Transfers in	-	-	-	-	-	-	490,312	9,340	817,622	1,317,274
Transfers out	-	(1,480)	(1,300)	(3,063)	(334)	(321)	-	-	-	(6,698)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(1,480)</u>	<u>(1,300)</u>	<u>(3,063)</u>	<u>(334)</u>	<u>(321)</u>	<u>490,312</u>	<u>9,340</u>	<u>817,622</u>	<u>1,310,576</u>
Net changes in fund balances	53,037	(1,480)	(1,300)	(3,063)	(334)	(321)	1,256,753	123,293	(13,621)	1,412,764
Fund balances - beginning	149,070	1,480	1,300	3,063	334	521	4,489,805	785,131	90,565	5,521,269
Fund balances - ending	<u>\$ 202,107</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,746,558</u>	<u>\$ 908,424</u>	<u>\$ 76,944</u>	<u>\$ 6,934,033</u>

NONMAJOR CAPITAL PROJECTS FUNDS

City of Monroe
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds

For the Year Ended April 30, 2006

	FTA Capital Grants	N. 18th Street Extension	Airport Taxiway C Reconstruction	Airport Drainage Renovations	Phase III Air Industrial Park	Demolition of Property	Tower Drive	Drainage Projects	Airport Industrial Park
ASSETS									
Cash and cash equivalents	\$ 17,946	\$ 36,945	\$ -	\$ -	\$ -	\$ 41,686	\$ 38,686	\$ -	\$ 215,297
Receivables	-	22,744	7,785	71,957	290,664	736	-	-	-
Other receivables	1,756	178,572	-	13,407	-	50,000	-	-	-
Due from other funds	-	-	-	-	-	-	-	-	-
Total Assets	\$ 19,702	\$ 238,261	\$ 7,785	\$ 85,364	\$ 290,664	\$ 92,422	\$ 38,686	\$ -	\$ 215,297
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,688	\$ -	\$ 125,294	\$ 4,130
Due to other funds	-	133,547	7,785	85,364	291,380	-	43,134	41,841	-
Total Liabilities	-	133,547	7,785	85,364	291,380	9,688	43,134	167,135	4,130
Fund Balances									
Reserved for:									
Capital improvements	19,702	104,714	-	-	(716)	82,734	(4,448)	(167,135)	211,167
Unreserved/undesignated	-	-	-	-	-	-	-	-	-
Total Fund Balances	19,702	104,714	-	-	(716)	82,734	(4,448)	(167,135)	211,167
Total Liabilities and Fund Balances	\$ 19,702	\$ 238,261	\$ 7,785	\$ 85,364	\$ 290,664	\$ 92,422	\$ 38,686	\$ -	\$ 215,297

(Continued)

City of Monroe
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds (Continued)

For the Year Ended April 30, 2006

	Kansas Lane Service Road	Street Imp. Airport Ind. Park	Swimming Pools Renovations	Asset Management System	Digester Upstream	Fire/Drainage Improvements	River/Front Project	Passenger Facility Charge	Recreational Center
ASSETS									
Cash and cash equivalents	\$ 22,567	\$ 54,457	\$ 10,394	\$ -	\$ 22	\$ 1,862,244	\$ -	\$ 773,361	\$ -
Receivables	-	-	-	-	-	-	-	-	-
Other receivables	431,336	426,620	-	-	-	-	78,151	80,295	-
Due from other funds	-	-	-	-	-	-	-	-	85,423
Total Assets	\$ 453,903	\$ 481,077	\$ 10,394	\$ -	\$ 22	\$ 1,862,244	\$ 78,151	\$ 853,656	\$ 85,423
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts and retainage payable	\$ -	\$ -	\$ -	\$ 114,163	\$ -	\$ 34,197	\$ -	\$ -	\$ -
Due to other funds	-	-	-	49,135	-	20,540	78,151	-	85,423
Total Liabilities	-	-	-	163,298	-	54,737	78,151	-	85,423
Fund Balances Reserved for:									
Capital improvements	453,903	481,077	10,394	(163,298)	22	1,807,507	-	853,656	-
Unreserved/undesignated	-	-	-	-	-	-	-	-	-
Total Fund Balances	453,903	481,077	10,394	(163,298)	22	1,807,507	-	853,656	-
Total Liabilities and Fund Balances	\$ 453,903	\$ 481,077	\$ 10,394	\$ -	\$ 22	\$ 1,862,244	\$ 78,151	\$ 853,656	\$ 85,423

(Continued)

City of Monroe
 Monroe, Louisiana
 Combining Balance Sheet
 Nonmajor Governmental Funds
 Capital Projects Funds (Concluded)
 For the Year Ended April 30, 2006

	River Oaks Community Park	Zoo Interactive Exhibit	Reliab Airfield Lighting	Masur Museum Renovations	Civic Center Roof	US 165 Business Connector	Total
ASSETS							
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -	\$ 2,444,030	\$ -	\$ 5,517,635
Receivables	-	-	-	-	-	-	-
Other receivables	-	-	7,157	174,518	-	-	734,007
Due from other funds	48,124	52,450	-	50,000	-	-	1,337,688
Total Assets	\$ 48,124	\$ 52,450	\$ 7,157	\$ 224,518	\$ 2,444,030	\$ -	\$ 7,589,330
LIABILITIES AND FUND BALANCES							
Liabilities							
Accounts and retainage payable	\$ -	\$ -	\$ 29,210	\$ -	\$ 7,296	\$ 5,924	\$ 329,902
Due to other funds	48,124	52,450	139,955	213,493	70,000	112,532	1,472,874
Total Liabilities	48,124	52,450	169,165	213,493	77,296	118,476	1,802,776
Fund Balances							
Reserved for:							
Capital improvements	-	-	-	-	2,366,734	-	5,273,915
Unreserved/undesignated	-	-	(162,008)	11,025	-	(118,476)	512,639
Total Fund Balances	-	-	(162,008)	11,025	2,366,734	(118,476)	5,786,554
Total Liabilities and Fund Balances	\$ 48,124	\$ 52,450	\$ 7,157	\$ 224,518	\$ 2,444,030	\$ -	\$ 7,589,330

City of Monroe
Monroe, Louisiana
Nonmajor Capital Project Funds
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended April 30, 2006

	FTA Capital Grants	N. 18th Street Extension	Kansas Lane	Airport Drainage Renovations	Phase III Air Industrial Park	Demolition of Property	Tower Drive	East Parkview Flood Control	Forsyth Flood
REVENUES									
Fees, charges and commissions for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	-	-	-	-	2,976	-	-
Other revenues	-	-	-	-	-	17,902	-	-	-
Intergovernmental:									
Federal grants	-	22,744	-	-	-	-	-	-	-
State grants	-	22,744	-	-	-	17,902	2,976	-	-
Total revenues	-	45,488	-	-	-	17,902	2,976	-	-
EXPENDITURES									
Current:									
General Government	-	-	-	-	716	-	64	-	11,897
Financial administration	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	22,744	-	13,407	-	-	7,360	-	-
Culture - recreation	-	-	-	-	-	-	-	-	-
Planning and urban development	-	-	-	-	-	10,758	-	-	-
Capital outlay	-	22,744	-	13,407	716	10,758	7,424	-	11,897
Total expenditures	-	45,488	-	(13,407)	(716)	7,144	(4,448)	-	(11,897)
Excess (deficiency) of revenues over expenditures	-	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES)									
Bond proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	13,407	-	50,000	-	-	-
Transfers out	-	(30,931)	(218,245)	-	-	-	-	(291,171)	(241,919)
Total other financing sources (uses)	-	(30,931)	(218,245)	13,407	-	50,000	-	(291,171)	(241,919)
NET CHANGES IN FUND BALANCE	-	(30,931)	(218,245)	-	(716)	57,144	(4,448)	(291,171)	(253,816)
FUND BALANCE - beginning of year	19,702	135,645	218,245	-	-	23,590	-	291,171	253,816
FUND BALANCE - END OF YEAR	\$ 19,702	\$ 104,714	\$ -	\$ -	\$ (716)	\$ 82,734	\$ (4,448)	\$ -	\$ -

(Continued)

City of Monroe
 Monroe, Louisiana
 Nonmajor Capital Project Funds
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances (Continued)

For the Year Ended April 30, 2006

	Drainage Projects	Beloit/ Spencer Storm Drain	Airport Industrial Park	Cluse Record Storage Facility	Downtown Economic Development	Kansas Lane Service Road	Infrastructure	Street Imp. Airport Ind. Park	Swimming Pools Renovations
REVENUES									
Fees, charges and commissions for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Use of money and property	-	-	1,260	-	-	-	-	-	-
Other revenues	-	-	-	-	-	-	-	-	-
Intergovernmental:									
Federal grants	-	-	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	-	-	-
Total revenues	-	-	1,260	-	-	-	-	-	-
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Financial administration	-	31,363	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	-	-	-	-
Public works	-	-	46,956	-	-	-	-	561	-
Culture - recreation	-	-	-	-	-	-	-	-	-
Planning and urban development	-	-	-	-	-	-	-	-	-
Capital outlay	167,135	-	-	-	-	-	-	-	-
Total expenditures	167,135	31,363	46,956	-	-	-	-	561	-
Excess (deficiency) of revenues over expenditures	(167,135)	(31,363)	(45,696)	-	-	-	-	(561)	-
OTHER FINANCING SOURCES (USES)									
Bond proceeds	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(59,222)	-	(164,714)	(68,141)	-	(99,984)	-	-
Total other financing sources (uses)	-	(59,222)	-	(164,714)	(68,141)	-	(99,984)	-	-
NET CHANGES IN FUND BALANCE	(167,135)	(90,585)	(45,696)	(164,714)	(68,141)	-	(99,984)	(561)	-
FUND BALANCE - beginning of year	-	90,585	236,863	164,714	68,141	453,903	99,984	481,638	10,394
FUND BALANCE - END OF YEAR	\$ (167,135)	\$ -	\$ 211,167	\$ -	\$ -	\$ 453,903	\$ -	\$ 481,077	\$ 10,394

(Continued)

City of Monroe
Monroe, Louisiana
Nonmajor Capital Project Funds
Combining Schedule of Revenues, Expenditures,
and Changes in Fund Balances (Continued)

For the Year Ended April 30, 2006

	WPCC Improvements	Pump Station Improvements	Water System Improvements Phase I	Asset Management System	Digester Upstream	Fire/ Drainage Improvements	Riverfront Project	Passenger Facility Charge	River Oaks Community Park
REVENUES									
Fees, charges and commissions for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,742	\$ -
Use of money and property	11,792	-	-	-	364	83,561	-	3,090	-
Other revenues	-	-	-	-	-	-	-	-	-
Intergovernmental:	-	-	-	-	-	-	-	-	-
Federal grants	-	86,357	-	-	-	-	-	-	-
State grants	-	-	-	-	-	-	78,151	-	-
Total revenues	<u>11,792</u>	<u>86,357</u>	<u>-</u>	<u>-</u>	<u>364</u>	<u>83,561</u>	<u>78,151</u>	<u>453,832</u>	<u>-</u>
EXPENDITURES									
Current:									
General Government	-	-	-	-	-	-	-	-	-
Financial administration	-	-	-	-	-	-	-	-	-
Public safety	-	-	-	-	-	11,000	-	-	-
Public works	89,340	63,891	10,202	369,770	64,547	63,886	-	10,183	-
Culture - recreation	-	-	-	-	-	-	-	-	-
Planning and urban development	-	-	-	-	-	-	-	-	-
Capital outlay	-	248,569	-	51,826	-	39,115	-	-	30,931
Total expenditures	<u>89,340</u>	<u>312,460</u>	<u>10,202</u>	<u>421,596</u>	<u>64,547</u>	<u>114,001</u>	<u>-</u>	<u>10,183</u>	<u>30,931</u>
Excess (deficiency) of revenues over expenditures	<u>(77,548)</u>	<u>(226,103)</u>	<u>(10,202)</u>	<u>(421,596)</u>	<u>(64,183)</u>	<u>(30,440)</u>	<u>78,151</u>	<u>443,649</u>	<u>(30,931)</u>
OTHER FINANCING SOURCES (USES)									
Bond proceeds	100,827	131,150	-	557	449,010	-	-	-	-
Transfers in	119,530	916,757	-	289,417	-	-	-	-	30,931
Transfers out	(443,662)	(662,307)	(25,365)	-	(841,085)	(163,512)	(78,151)	-	-
Total other financing sources (uses)	<u>(223,305)</u>	<u>385,400</u>	<u>(25,365)</u>	<u>289,974</u>	<u>(392,075)</u>	<u>(163,512)</u>	<u>(78,151)</u>	<u>-</u>	<u>30,931</u>
NET CHANGES IN FUND BALANCE	<u>(300,853)</u>	<u>159,297</u>	<u>(35,567)</u>	<u>(131,622)</u>	<u>(456,238)</u>	<u>(193,932)</u>	<u>-</u>	<u>443,649</u>	<u>-</u>
FUND BALANCE - beginning of year	<u>300,853</u>	<u>(159,297)</u>	<u>35,567</u>	<u>(31,676)</u>	<u>456,280</u>	<u>2,001,459</u>	<u>-</u>	<u>410,007</u>	<u>-</u>
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (163,298)</u>	<u>\$ 22</u>	<u>\$ 1,807,507</u>	<u>\$ -</u>	<u>\$ 853,656</u>	<u>\$ -</u>

(Continued)

City of Monroe
 Monroe, Louisiana
 Nonmajor Capital Project Funds
 Combining Schedule of Revenues, Expenditures,
 and Changes in Fund Balances (Concluded)

For the Year Ended April 30, 2006

	Zoo Interactive Exhibit	Rehab Airfield Lighting	Masur Museum Renovations	Civic Center Roof	US 165 Business Connector	Total
REVENUES						
Fees, charges and commissions for services	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 450,742
Use of money and property	-	-	-	129,053	-	232,096
Other revenues	-	-	92,178	-	-	110,080
Intergovernmental:						
Federal grants	-	148,260	-	-	-	234,617
State grants	(52,450)	16,241	164,008	-	-	228,694
Total revenues	(52,450)	164,501	256,186	129,053	-	1,256,229
EXPENDITURES						
Current:						
General Government	-	-	-	-	-	-
Financial administration	-	-	-	109,724	-	153,764
Public safety	-	-	-	-	-	11,000
Public works	-	-	-	-	-	762,847
Culture - recreation	-	-	-	70,000	-	70,000
Planning and urban development	-	-	-	-	-	10,758
Capital outlay	-	328,684	245,161	7,296	118,476	1,237,193
Total expenditures	-	328,684	245,161	187,020	118,476	2,245,562
Excess (deficiency) of revenues over expenditures	(52,450)	(164,183)	11,025	(57,967)	(118,476)	(989,333)
OTHER FINANCING SOURCES (USES)						
Bond proceeds	-	-	-	-	-	-
Transfers in	-	-	-	-	-	681,544
Transfers out	52,450	-	-	-	-	1,472,492
Total other financing sources (uses)	52,450	-	-	-	-	(3,388,609)
						(1,234,573)
NET CHANGES IN FUND BALANCE						(2,223,906)
FUND BALANCE - beginning of year						8,010,460
FUND BALANCE - END OF YEAR	\$ -	\$ (162,008)	\$ 11,025	\$ 2,366,734	\$ (118,476)	\$ 5,786,554

NONMAJOR ENTERPRISE FUNDS

CITY OF MONROE
Monroe, Louisiana
NONMAJOR ENTERPRISE FUNDS
COMBINING SCHEDULE OF NET ASSETS
AS OF APRIL 30, 2006

ASSETS	<u>MONROE TRANSIT SYSTEM</u>	<u>LOUISIANA PURCHASE GARDENS AND ZOO</u>	<u>LIVESTOCK ARENA</u>	<u>TOTAL NONMAJOR ENTERPRISE FUNDS</u>
Current Assets:				
Cash and cash equivalents	\$ 1,000	\$ 2,500	\$ -	\$ 3,500
Accounts receivable, net	852,230	2,492	-	854,722
Due from other funds	-	-	-	-
Ad valorem taxes receivable	-	68,263	-	68,263
Inventories	60,506	-	-	60,506
Prepaid expenses	-	5,159	-	5,159
Total current assets	<u>913,736</u>	<u>78,414</u>	<u>-</u>	<u>992,150</u>
Capital Assets:				
Non-depreciable	148,239	-	-	148,239
Zoo animals	-	117,450	-	117,450
Depreciable	8,059,734	3,477,396	583,492	12,120,622
Total capital assets	<u>8,207,973</u>	<u>3,594,846</u>	<u>583,492</u>	<u>12,386,311</u>
Accumulated depreciation	<u>(4,935,915)</u>	<u>(2,490,151)</u>	<u>(529,956)</u>	<u>(7,956,022)</u>
Net capital assets	<u>3,272,058</u>	<u>1,104,695</u>	<u>53,536</u>	<u>4,430,289</u>
TOTAL ASSETS	\$ <u>4,185,794</u>	\$ <u>1,183,109</u>	\$ <u>53,536</u>	\$ <u>5,422,439</u>
LIABILITIES				
Current liabilities:				
Accounts and retainage payable	\$ 53,949	\$ 21,396	\$ 1,078	\$ 76,423
Due to other funds	1,756	-	-	1,756
Deferred revenue	-	68,263	625	68,888
Total current liabilities	<u>55,705</u>	<u>89,659</u>	<u>1,703</u>	<u>147,067</u>
Long-term liabilities:				
Compensated absences	<u>194,408</u>	<u>94,322</u>	<u>-</u>	<u>288,730</u>
Total liabilities	<u>250,113</u>	<u>183,981</u>	<u>1,703</u>	<u>435,797</u>
NET ASSETS				
Invested in capital assets, net of related debt	3,272,058	1,104,695	53,536	4,430,289
Retained earnings (deficit): Unreserved	<u>663,623</u>	<u>(105,567)</u>	<u>(1,703)</u>	<u>556,353</u>
TOTAL NET ASSETS	\$ <u>3,935,681</u>	\$ <u>999,128</u>	\$ <u>51,833</u>	\$ <u>4,986,642</u>

CITY OF MONROE
Monroe, Louisiana
NONMAJOR ENTERPRISE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2006

	MONROE TRANSIT SYSTEM	LOUISIANA PURCHASE GARDENS AND ZOO	LIVESTOCK ARENA	TOTAL
OPERATING REVENUES				
Charges for services:				
Fares	\$ 507,435	\$ -	\$ -	\$ 507,435
Advertising	5,267	249,181	-	254,448
Admissions	-	117,649	-	117,649
Concessions and rides	-	-	-	-
Rentals	-	-	13,042	13,042
Total charges for services	512,702	366,830	13,042	892,574
Other operating revenue	9,456	20,747	-	30,203
Total operating revenue	522,158	387,577	13,042	922,777
OPERATING EXPENSES				
Salaries, wages and benefits	1,679,371	939,046	-	2,618,417
Materials, repairs and supplies	736,515	215,291	4,739	956,545
Utilities and communications	61,142	108,281	14,234	183,657
Depreciation and amortization	642,982	111,277	28,547	782,806
Insurance	240,221	16,309	-	256,530
Promoter's expenses	-	25,258	-	25,258
Other operating expenses	133,195	130,468	-	263,663
Total operating expenses	3,493,426	1,545,930	47,520	5,086,876
OPERATING INCOME (LOSS)	(2,971,268)	(1,158,353)	(34,478)	(4,164,099)
NONOPERATING REVENUE (EXPENSE)				
Grants	1,941,717	-	-	1,941,717
Property taxes	-	909,015	-	909,015
Total nonoperating revenue (expense)	1,941,717	909,015	-	2,850,732
INCOME (LOSS) BEFORE CONTRIBUTIONS & TRANSFERS	(1,029,551)	(249,338)	(34,478)	(1,313,367)
Capital contributions	441,942	-	-	441,942
Transfers in	2,352,741	203,008	5,035	2,560,784
Total operating transfers	2,794,683	203,008	5,035	3,002,726
CHANGES IN NET ASSETS	1,765,132	(46,330)	(29,443)	1,689,359
NET ASSETS, Beginning of Year	2,170,549	1,045,458	81,276	3,297,283
NET ASSETS, END OF YEAR	\$ 3,935,681	\$ 999,128	\$ 51,833	\$ 4,986,642

CITY OF MONROE
Monroe, Louisiana

NONMAJOR ENTERPRISE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2006

	Monroe Transit System	Louisiana Purchase Gardens and Zoo	Livestock Arena	TOTAL
Cash flows from operating activities				
Cash received from (returned to) customers	\$ (302,326)	384,862	13,843	\$ 96,379
Cash payments to suppliers for goods and services	(1,089,352)	(506,842)	(18,879)	(1,615,073)
Cash payments to employees for services and benefits	(1,707,702)	(951,789)	-	(2,659,491)
Net cash provided by (used for) operating activities	<u>(3,099,380)</u>	<u>(1,073,769)</u>	<u>(5,036)</u>	<u>(4,178,185)</u>
Cash flows from noncapital financing activities				
Operating grants	1,941,717	-	-	1,941,717
Ad valorem taxes	-	909,015	-	909,015
Transfers in	2,352,741	203,009	5,036	2,560,786
Net cash provided by noncapital financing activities	<u>4,294,458</u>	<u>1,112,024</u>	<u>5,036</u>	<u>5,411,518</u>
Cash flows from capital and related financing activities				
Acquisition of capital assets	(1,637,020)	(38,255)	-	(1,675,275)
Cash contributed by City of Monroe	441,942	-	-	441,942
Net cash provided by (used for) financing activities	<u>(1,195,078)</u>	<u>(38,255)</u>	<u>-</u>	<u>(1,233,333)</u>
Net increase (decrease) in cash and cash equivalents	-	-	-	-
Cash and cash equivalents, May 1, 2005	<u>1,000</u>	<u>2,500</u>	<u>-</u>	<u>3,500</u>
Cash and cash equivalents, April 30, 2006	<u>\$ 1,000</u>	<u>\$ 2,500</u>	<u>\$ -</u>	<u>\$ 3,500</u>
Reconciliation of operating income to net cash provided by (used for) operating activities				
Operating Income (loss)	\$ (2,971,268)	(1,158,353)	(34,478)	\$ (4,164,099)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities				
Depreciation	642,982	111,277	28,547	782,806
Change in assets and liabilities				
Accounts receivable	(826,985)	(34,061)	-	(861,046)
Due from other funds	-	-	865	865
Inventories	75,104	-	-	75,104
Prepaid expenses	-	3,288	-	3,288
Accounts payable	7,147	(14,524)	93	(7,284)
Due to other funds	(528)	-	-	(528)
Deferred revenue	-	31,347	(63)	31,284
Other current liabilities	2,500	-	-	2,500
Compensated absences	(28,332)	(12,743)	-	(41,075)
Net cash provided by (used for) operating activities	<u>\$ (3,099,380)</u>	<u>\$ (1,073,769)</u>	<u>\$ (5,036)</u>	<u>\$ (4,178,185)</u>
Note:				
The following non-cash capital related transactions occurred during the year related to the donation of busses to the transit system	<u>\$ 441,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS

CITY OF MONROE
Monroe, Louisiana
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF NET ASSETS
AS OF APRIL 30, 2006

	<u>EMPLOYEES'</u> <u>GROUP</u> <u>INSURANCE</u>	<u>CENTRAL</u> <u>SHOP</u>	<u>TOTAL</u>
ASSETS			
Current Assets:			
Cash and cash equivalents	\$ 529,607	\$ -	\$ 529,607
Accounts receivable	-	51,905	51,905
Due from other funds	-	-	-
Inventories	-	43,850	43,850
Total current assets	<u>529,607</u>	<u>95,755</u>	<u>625,362</u>
Capital Assets:			
Non-depreciable	-	45,000	45,000
Depreciable	-	3,731,223	3,731,223
Total capital assets	-	3,776,223	3,776,223
Accumulated depreciation	-	(842,022)	(842,022)
Net capital assets	-	<u>2,934,201</u>	<u>2,934,201</u>
TOTAL ASSETS	\$ <u>529,607</u>	\$ <u>3,029,956</u>	\$ <u>3,559,563</u>
LIABILITIES			
Current liabilities:			
Accounts payable	\$ -	\$ 103,002	\$ 103,002
Accrued liabilities	921,223	-	921,223
Current portion of long-term debt	-	162,400	162,400
Total current liabilities	<u>921,223</u>	<u>265,402</u>	<u>1,186,625</u>
Long-term liabilities:			
Certificates of indebtedness payable	-	345,508	345,508
Total liabilities	<u>921,223</u>	<u>610,910</u>	<u>1,532,133</u>
NET ASSETS			
Retained earnings			
Unreserved	<u>(391,616)</u>	<u>2,419,046</u>	<u>2,027,430</u>
TOTAL NET ASSETS	\$ <u>(391,616)</u>	\$ <u>2,419,046</u>	\$ <u>2,027,430</u>

CITY OF MONROE
Monroe, Louisiana
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF REVENUES, EXPENSES
AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED APRIL 30, 2006

	EMPLOYEES' GROUP INSURANCE	CENTRAL SHOP	TOTAL
OPERATING REVENUES			
Charges for services	\$ 5,109,245	\$ 2,408,497	\$ 7,517,742
Total operating revenues	<u>5,109,245</u>	<u>2,408,497</u>	<u>7,517,742</u>
OPERATING EXPENSES			
Benefits paid to participants	5,228,194	-	5,228,194
Salaries, wages and benefits	-	658,078	658,078
Utilities and communications	-	43,579	43,579
Depreciation and amortization	-	101,241	101,241
Repairs and maintenance	-	2,978	2,978
Shop expenses	-	1,911,365	1,911,365
Other operating expenses	3,216	71,389	74,605
Total operating expenses	<u>5,231,410</u>	<u>2,788,630</u>	<u>8,020,040</u>
OPERATING INCOME (LOSS)	(122,165)	(380,133)	(502,298)
NONOPERATING REVENUE (EXPENSE)			
Interest income	6,486	-	6,486
Interest expense	-	(22,817)	(22,817)
Total nonoperating revenue (expense)	<u>6,486</u>	<u>(22,817)</u>	<u>(16,331)</u>
GAIN (LOSS) BEFORE TRANSFERS	(115,679)	(402,950)	(518,629)
TRANSFERS			
Transfers in	-	553,564	553,564
CHANGES IN NET ASSETS	(115,679)	150,614	34,935
NET ASSETS			
Beginning of year	<u>(275,937)</u>	<u>2,268,432</u>	<u>1,992,495</u>
NET ASSETS, END OF YEAR (DEFICIT)	<u>\$ (391,616)</u>	<u>\$ 2,419,046</u>	<u>\$ 2,027,430</u>

CITY OF MONROE
Monroe, Louisiana
PROPRIETARY FUND TYPE - INTERNAL SERVICE FUNDS
COMBINING SCHEDULE OF CASH FLOWS
FOR THE YEAR ENDED APRIL 30, 2006

	EMPLOYEES' GROUP INSURANCE	CENTRAL SHOP	TOTAL
Cash flows from operating activities			
Cash received from customers	\$ 6,309,299	\$ 2,356,592	\$ 8,665,891
Cash payments to suppliers for goods and services	(3,216)	(2,016,207)	(2,019,423)
Cash payments to participants for insurance benefits	(6,390,562)	-	(6,390,562)
Cash payments to employees for services and benefits	-	(658,078)	(658,078)
Net cash provided by (used for) operating activities	<u>(84,479)</u>	<u>(317,693)</u>	<u>(402,172)</u>
Cash flows from noncapital financing activities			
Transfers in	-	553,564	553,564
Net cash provided by noncapital financing activities	<u>-</u>	<u>553,564</u>	<u>553,564</u>
Cash flows from capital and related financing activities			
Acquisition of capital assets	-	(56,254)	(56,254)
Interest income	6,486	-	6,486
Principal paid on debt	-	(156,800)	(156,800)
Interest paid on debt	-	(22,817)	(22,817)
Net cash provided by (used for) financing activities	<u>6,486</u>	<u>(235,871)</u>	<u>(229,385)</u>
Net increase (decrease) in cash and cash equivalents	(77,993)	-	(77,993)
Cash and cash equivalents, May 1, 2005	<u>607,600</u>	<u>-</u>	<u>607,600</u>
Cash and cash equivalents, April 30, 2006	<u>\$ 529,607</u>	<u>\$ -</u>	<u>\$ 529,607</u>
Reconciliation of operating income to net cash provided by (used for) operating activities			
Operating Income (loss)	<u>\$ (122,165)</u>	<u>\$ (380,133)</u>	<u>\$ (502,298)</u>
Adjustments to reconcile operating income (loss) to net cash provided by operating activities			
Depreciation	-	101,241	101,241
Changes in assets and liabilities			
Accounts receivable	1,147,419	(51,905)	1,095,514
Due from other funds	52,635	-	52,635
Inventories	-	46,665	46,665
Accounts payable	(777,007)	(33,561)	(810,568)
Due to other funds	(385,361)	-	(385,361)
Net cash provided by (used for) operating activities	<u>\$ (84,479)</u>	<u>\$ (317,693)</u>	<u>\$ (402,172)</u>

CITY OF MONROE
Monroe, Louisiana

**SCHEDULE OF ASSESSED VALUATION
AND AD VALOREM PROPERTY TAX LEVY
FOR THE 2005 TAX ROLL**

Assessed Valuation		\$ 384,105,548
		<u>25.87</u>
Gross Tax Levy		\$ 9,936,797
Plus: Adjustments		83,176
Adjusted Tax Levy		<u>\$ 10,019,973</u>
Tax Collected		
2005 Tax Roll		\$ 9,481,621
Prior Years Tax Rolls		58,742
Total		<u>\$ 9,540,363</u>

ALLOCATION OF TAXES COLLECTED

	<u>MILLS</u>	
General Fund	10.24	\$ 3,768,581
Recreation Center Maintenance	1.73	636,686
Public Safety	0.98	360,672
Drainage Maintenance	1.21	445,308
City Court Bonds	0.60	222,417
Civic Center Complex	2.47	909,015
Louisiana Purchase Gardens & Zoo	2.47	909,015
Capital Improvements	3.21	1,181,353
Police Department	1.48	544,670
Fire Department	1.48	544,670
Grasscutting Collections	-	6,250
Demolition Collections	-	11,726
Total	<u>25.87</u>	<u>\$ 9,540,363</u>

GENERAL BONDED DEBT SUPPORTED BY TAX LEVY

City Court and Jail		<u>\$ 640,000</u>
---------------------	--	-------------------

PERCENT OF BONDED DEBT TO ASSESSED VALUATION

0.17%

CITY OF MONROE
Monroe, Louisiana
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
AS OF APRIL 30, 2006

Tax Year	Balance at April 30, 2005	2005 Tax Roll	Supplemental Assessments	Cancellations And Other Adjustments	Collections	Balance at 4/30/06	Allowance For Uncollectible Taxes	Estimated Collectible Taxes at 4/30/06
1990	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1991	-	-	-	-	-	-	-	-
1992	-	-	-	-	-	-	-	-
1993	-	-	-	-	-	-	-	-
1994	-	-	-	33	(33)	-	-	-
1995	-	-	-	1,920	(1,920)	-	-	-
1996	-	-	-	1,777	(1,777)	-	-	-
1997	-	-	-	18	(18)	-	-	-
1998	-	-	-	18	(18)	-	-	-
1999	-	-	-	289	(289)	-	-	-
2000	-	-	-	175	(175)	-	-	-
2001	184,968	-	-	-	(185)	184,783	(138,587)	46,196
2002	-	-	234	1,533	(1,767)	-	-	-
2003	162,313	-	566	(161)	(28,378)	134,340	(67,170)	67,170
2004	288,454	-	454	(940)	(24,181)	263,787	(65,947)	197,840
2005	-	9,936,797	153,265	(70,089)	(9,481,621)	538,352	(134,588)	403,764
Totals	\$ 635,735	\$ 9,936,797	\$ 154,519	\$ (65,427)	\$ (9,540,362)	\$ 1,121,262	\$ (406,292)	\$ 714,970

ALLOCATION OF FUNDS

	Balance at April 30, 2005	Balance at April 30, 2006	Applicable Millages at 4/30/06	Millages as % of Total Millages
General Fund	\$ 302,017	\$ 561,861	20.33	78.59%
Debt Service Funds:				
Pub. Imp. Bonds - Court	8,913	16,582	0.60	2.32%
Enterprise Funds:				
Civic Center	36,694	68,263	2.47	9.55%
Ln. Purchase Gardens & Zoo	36,694	68,263	2.47	9.55%
Totals	\$ 384,318	\$ 714,970	25.87	100.00%

CITY OF MONROE
Monroe, Louisiana

Schedule of Insurance
April 30, 2006

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Ace Property & Casualty	Monroe Municipal Airport	General Aggregate	\$10,000,000	N/A	04/07/07
		Property damage liability	10,000,000	N/A	
		Single limit bodily injury	10,000,000	N/A	
		Personal & advertising injury	5,000,000	N/A	
		Medical expense limit (any one person)	5,000	N/A	
		Fire damage	100,000	N/A	
		Hangarkeeper's liability			
James Rivers Insurance Co	Black Bayou	Each aircraft	10,000,000	1000	
		Each occurrence	10,000,000	1000	
		General Aggregate	2,000,000	5000	07/30/06
		Products	included		
Continental Casualty	Communication Tower	Personal Injury	1,000,000		
		Each Occurrence	1,000,000		
		Fire Damage	50,000		
		Fire, Vandalism, Explosion, & Collapse	111,526	1000	10/28/06
Scottsdale Insurance Company	Chennault Park & Golf Course	General liability	4,000,000	500	05/23/06
		Personal & advertising injury	1,000,000	500	
		Each occurrence	1,100,000	500	
		Medical Expense-Each	5,000		
Scottsdale Insurance Company	Selman Field Golf Course	General liability	4,000,000	500	05/23/06
		Personal & advertising injury	1,000,000		
		Each occurrence	1,000,000		
		Fire Damage-Each	100,000		
Great Amer. Insurance Co.	Golf Carts	Medical Expense-Each	5,000		
		General Liability	318,179	500	06/12/06
St. Paul's Travelers	Employees @ various locations	Disitonesty Bond	100,000		12/13/06
Travelers Property Casualty	David Barnes	Surety bond coverage as secretary-treasurer and tax collector of the City of Monroe & Ouachita Parish Police Jury, respectively	50,000	N/A	01/10/07

CITY OF MONROE
Monroe, Louisiana

Schedule of Insurance
April 30, 2006

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Travelers Property Casualty	David Barnes	Surety bond as collector of sales and use tax of the city school board of Monroe & Ouachita Parish School Board	50,000	N/A	01/10/07
Travelers Property Casualty	David Barnes	Surety bond as collector for the City of West Monroe	50,000	N/A	01/10/07
Travelers Property Casualty	David Barnes	Surety bond as secretary-treasurer of City of Monroe	100,000	N/A	01/10/07
St. Paul Surety	David Barnes	Surety bond as tax collector for Town of Richwood & Town of Sterlington	100,000	N/A	03/15/07
Scottsdale Insurance Company	General Liability & Employers Liability	Bell South Payment Drop-off Liability Each Accident Aggregate Limit	1,100,000 1,000,000 4,000,000	N/A	07/09/06
Hanover	Various Bldgs. EDP	Blanket Bldg & Contents Wind & Hail	64,055,902 25,000 1,249,000	2,500 25,000 1,000	01/15/07
Hanover	Monroe Civic Center	Blanket Building Coverage	36,275,200		08/16/06
Capital Specialty Insurance Corporation	Monroe Civic Center	General Liability: General-aggregate Products-completed operations aggregate Personal and advertising injury limit Each occurrence Fire Damage Limit Medical Expense Limit	2,000,000 2,000,000 1,000,000 1,000,000 100,000.00 5,000.00	5000	03/01/07
Capital Specialty Insurance Company	Monroe Civic Center	Tenant/User Liability: General Aggregate Medical Payments Fire Legal Liability	2,000,000.00 5,000.00 100,000		03/01/07

CITY OF MONROE
Monroe, Louisiana

Schedule of Insurance
April 30, 2006

INSURER	ASSETS COVERED	RISK COVERED	LIMITS OF COVERAGE	DEDUCTIBLE	EXPIRATION DATE
Colony Insurance Company	Monroe Civic Center	Liquor Liability General Aggregate Products Each Occurrence Limit Liquor Legal Liability	2,000,000 1,000,000 1,000,000 1,000,000		06/03/06
Great American Insurance	Marquee Sign	Liability	156,000		08/20/06
Scottsdale Insurance Company	La Purchase Gardens & Zoo	General Aggregate Operations Aggregate Property Damage Personal Injury	1,000,000 1,000,000 1,050,000 100,000	500 500 500 500	
St. Paul's Travelers	Boiler & Machinery @ pump stations & various locations	Comprehensive	25,000,000	2500	04/01/07
St. Paul's Travelers	Monroe Transit System	General liability Personal & advertising injury Each Occurrence Limit	5,000,000 5,000,000 5,000,000	2500	10/01/06
Employers Rensurance	Workers Comp & Employers Liability	Employer's Liability Maximum Limit of Indemnity Maximum Limit of Indemnity per Occurrence Self-insured Retention per occurrence	1,000,000 25,000,000	500,000	05/01/06
Republic Vanguard Insurance Co.	Fire Department Mobile Unit	Combined Liability	1,000,000		08/21/06
Essex Ins Co.	Fire Dept. Mobile Unit	Liability	1,000,000 50,000 1,000,000		08/21/06
Great American insurance	Fire Department Mobile Unit	Liability	33,574	500	08/21/06

CITY OF MONROE
Monroe, Louisiana

SCHEDULE OF LONG-TERM OBLIGATIONS
FOR THE YEAR ENDED APRIL 30, 2006

	Issue Dates	Interest Rates	Original Amount	Balance April 30, 2005	Issued	Retired	Balance April 30, 2006	Principal Maturity Schedule For Future Years
GOVERNMENTAL ACTIVITIES								
General Obligation Bonds:								
Public Improvements:								
	2003	2.10% - 2.10%	1,060,000	790,000	-	150,000	640,000	\$140,000 - \$170,000 to March 1, 2010
			<u>1,060,000</u>	<u>790,000</u>		<u>150,000</u>	<u>640,000</u>	
	1997	5.21%	6,000,000	1,360,000	-	410,000	950,000	\$390,000 - \$575,000 to March 1, 2009
	1999	5.00%	1,000,000	400,000	-	100,000	300,000	\$100,000 to March 1, 2009
	2000	6.95%	3,000,000	2,980,000	-	100,000	2,480,000	\$95,000 - \$270,000 to March 1, 2020
	2002	5.85%	1,000,000	915,000	-	40,000	875,000	\$40,000 - \$90,000 to March 1, 2020
	2003	2.75% - 4.75%	16,000,000	14,545,000	-	740,000	13,805,000	\$765,000 - \$1,280,000 to March 1, 2021
	2005	4.25% - 4.60%	5,000,000	-	5,000,000	100,000	4,900,000	\$280,000 - \$465,000 to March 1, 2020
			<u>32,000,000</u>	<u>19,800,000</u>	<u>5,000,000</u>	<u>1,490,000</u>	<u>23,310,000</u>	
Tax Increment Bonds:								
	2004C	3.75%	2,550,000	2,500,000	-	245,000	2,305,000	\$245,000 - \$330,000 to April 2014
	2004A	3.45%	635,532	516,292	-	123,200	393,092	\$371,000 - \$311,000 to April 1, 2009
			<u>3,185,532</u>	<u>3,066,292</u>		<u>368,200</u>	<u>2,698,092</u>	
Certificates of Indebtedness:								
	2001	4.00% - 5.75%	25,000,000	22,615,000	-	875,000	21,740,000	\$835,000 - \$1,910,000 to July 1, 2021
	2002	4.00% - 7.00%	26,000,000	24,780,000	-	655,000	24,125,000	\$625,000 - \$1,775,000 to July 1, 2026
	2002A	3.125% - 4.80%	15,000,000	14,795,000	-	110,000	14,685,000	\$105,000 - \$1,835,000 to July 1, 2027
	2003	3.25% - 5.50%	22,400,000	21,855,000	-	560,000	21,295,000	\$200,000 - \$1,725,000 to July 1, 2027
			<u>88,400,000</u>	<u>84,045,000</u>		<u>2,200,000</u>	<u>81,845,000</u>	
Refunding Bonds:								
	1998	4.60% - 5.05%	7,565,000	4,635,000	-	600,000	4,035,000	\$335,000 - \$725,000 to March 1, 2013
Utility Revenue Bonds:								
	2001	3.45%	24,500,000	22,837,461	766,136	945,000	22,658,597	\$910,000 - \$1,121,770 to June 30, 2023
	2003	3.45%	10,000,000	8,996,225	663,775	350,000	9,310,000	\$340,000 - \$710,000 to June 1, 2023
	2005	3.45%	11,000,000	-	99,289	-	99,289	\$200,000 - \$1,725,000 to July 1, 2027
			<u>45,500,000</u>	<u>31,833,686</u>	<u>1,529,200</u>	<u>1,295,000</u>	<u>32,067,886</u>	

CITY OF MONROE
Monroe, Louisiana

SCHEDULE OF LONG-TERM OBLIGATIONS
FOR THE YEAR ENDED APRIL 30, 2006

	Issue Dates	Interest Rates	Original Amount	Balance April 30, 2005	Issued	Retired	Balance April 30, 2006	Principal Maturity Schedule For Future Years
Other:								
Claims and Judgments				4,794,924	1,354,717	73,552	6,076,089	
Revenue Anticipation Note, Series 2005				4,000,000		4,000,000		\$4,000,000 due March 1, 2006
Capital Lease (Energy Performance Equipment)				2,876,139		153,440	2,722,699	
Accrued Vacation and Sick Pay				4,867,233	1,695,736	1,586,617	4,976,342	
Total Other				16,538,296	3,050,443	5,813,609	13,775,130	
TOTAL GOVERNMENTAL ACTIVITIES								
			177,710,532	160,708,274	9,579,643	11,916,809	158,371,108	
INTERNAL SERVICE FUND								
Refunding COI (Central Warehouse and Shop)	2004A	3.45%	816,468	664,708		156,800	507,908	B Sec Amortization above 2004A
Total internal service fund debt			816,468	664,708		156,800	507,908	
BUSINESS TYPE ACTIVITIES								
CIVIC CENTER								
Taxable Refunding Certificates of Indebtedness	2004B	6.00%	173,000	142,000		32,000	110,000	\$31,000 - \$39,000 to April 2009
Total Civic Center			173,000	142,000		32,000	110,000	
SEWER DEPARTMENT								
Utility Revenue Bonds:								
Series 2001 - DEQ	2001 A	3.45%	2,500,000	2,486,403			2,486,403	A Sec Amortization above 2001 - DEQ
Total Sales Tax Bonds			2,500,000	2,486,403			2,486,403	
Refunding Bonds:								
Sewer	1995	5.40%	2,695,000	605,000		295,000	310,000	\$280,000 - \$310,000 to June 1, 2006
ALL DEPARTMENTS								
Other:								
Accrued Vacation and Sick Pay				923,681	463,157	504,528	884,310	
TOTAL BUSINESS TYPE ACTIVITIES			\$ 6,184,468	\$ 4,823,792	\$ 463,157	\$ 988,328	\$ 4,298,621	

**CITY OF MONROE
Monroe, Louisiana**

SUPPLEMENTAL INFORMATION SCHEDULES

As of and For the Year Ended April 30, 2006

COMPENSATION PAID TO COUNCIL MEMBERS

The schedule of compensation paid to council members is presented in compliance with House Concurrent Resolution No. 54 of the 1979 Session of the Louisiana Legislature. Compensation of the council members is included in the legislative expenditures of the General Fund. In accordance with Section 2-05 of the Home Rule Charter of the City of Monroe, the council, through Ordinance 10312, has set compensation of council members at \$1,000 per month. In addition to the compensation paid all council members, the chairperson of the council receives an additional \$500 per month to perform the duties of that office.

CITY OF MONROE
Monroe, Louisiana

SCHEDULE OF COMPENSATION PAID COUNCIL MEMBERS
FOR THE YEAR ENDED APRIL 30, 2006

Arthur Gilmore	District 3	\$	12,900	May 1, 2005 - April 30, 2006
Ben Katz	District 2		11,692	May 1, 2005 - April 30, 2006
Jay Marx	District 1		11,692	May 1, 2005 - April 30, 2006
Robert Johnson	District 5		11,692	May 1, 2005 - April 30, 2006
Robert Stevens, Chairman	District 4		16,331	May 1, 2005 - April 30, 2006
Total		\$	<u>64,307</u>	

**REPORTS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*
AND OMB CIRCULAR A-133**



Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Alteberry, CPA

John L. Luffey, MBA, CPA (1983-2002)

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL
OVER FINANCIAL REPORTING BASED ON AN AUDIT OF PRIMARY
GOVERNMENT FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

**City of Monroe
Monroe, Louisiana**

We have audited the financial statements of the City of Monroe, Louisiana (the City) as of and for the year ended April 30, 2006, and have issued our report thereon dated October 27, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Louisiana Governmental Audit Guide*, issued by the Louisiana Society of Certified Public Accountants and the Louisiana Legislative Auditor. We did not audit the financial statements of the Monroe City Court or the Monroe City Marshal, which represent the aggregate discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion on the financial statements, insofar as it relates to the amounts included in the component unit columns, is based on the reports of the other auditors. The other auditors were unable to satisfy themselves as to the financial activities of the Fiduciary Fund Type for the Monroe City Court. The assets of the fiduciary funds of the Monroe City Court is included in the component units column of Statement J and represent 99% of total assets and total liabilities of the Component Units column.

Compliance

As part of obtaining reasonable assurance about whether the City's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as Item 06-02.

**City of Monroe
Monroe, Louisiana**

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the City's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06-01 and 06-02.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider the reportable conditions, 06-01 and 06-02 described above to be material weaknesses. We also noted a matter involving the internal control over financial reporting which we have reported to management of the City in a separate letter dated October 27, 2006.

This report is intended for the information of management of the City, Federal awarding agencies and pass-through entities, other entities granting funds to the City and the Legislative Auditor for the state of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

October 27, 2006



(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

Luffey
Huffman
& Monroe

Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1983-2002)

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH
MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

City of Monroe
Monroe, Louisiana

Compliance

We have audited the compliance of the City of Monroe, Louisiana (the City) with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major Federal programs for the year ended April 30, 2006. The City's major Federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to each of its major Federal programs for the year ended April 30, 2006.

City of Monroe
Monroe, Louisiana

Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the City's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of management of the City, Federal awarding agencies and pass-through entities, other entities granting funds to the City and the Legislative Auditor for the state of Louisiana and is not intended to be used and should not be used by anyone other than these specified parties. However, under provisions of Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



(A Professional Accounting Corporation)

October 27, 2006

City of Monroe, Louisiana
Schedule of Expenditures of Federal Awards
For the Year Ended April 30, 2006

Federal Grantor / Pass-Through Grantor / Program Title	CFDA No.	Pass-Through Grant Number	Grant Identification Number	Federal Expenditures
U. S. Department of Housing and Urban Development				
Direct:				
Community Development Block Grant - 2002	14 218	N/A	B-02-MC-22-0005	\$ 15,845
Community Development Block Grant - 2003	14 218	N/A	B-03-MC-22-0005	12,525
Community Development Block Grant - 2004	14 218	N/A	B-04-MC-22-0005	146,911
Community Development Block Grant - 2005	14 218	N/A	B-05-MC-22-0005	324,914
Community Development Block Grant - 2006	14 218	N/A	B-06-MC-22-0005	566,967
Home Investment Partnership Grant - 2003	14 239	N/A	M-03-MC-22-0206	19,130
Home Investment Partnership Grant - 2004	14 239	N/A	M-04-MC-22-0206	159,577
Home Investment Partnership Grant - 2005	14 239	N/A	M-05-MC-22-0206	108,757
Pass-Through Programs:				
Emergency Shelter Grants Program - 2004	14 231	598111	N/A	26,529
Emergency Shelter Grants Program - 2005	14 231	610790	N/A	60,202
Total Dept. Housing & Urban Development				1,441,357
U. S. Department of Justice				
Direct:				
Local Law Enforcement Block Grant - 2003	16 592	N/A	2003-LBBX-2613	72
Local Law Enforcement Block Grant - 2004	16 592	N/A	2004-LBBX-0165	45,934
COPS Universal Hiring Program	16 710	N/A	2001UMVX0093	32,371
COPS in School	16 710	N/A	02-SHMX-00319	12,341
Office of Justice Program (IAG)-05	16 738	N/A	2005-DJ-RX-0430	13,430
Pass-Through Programs:				
Family Strengthening	16 540	J03-2-001	N/A	6,800
K-9 Narcotics Unit	16 579	B02-2-012	N/A	5,500
DARE Program Fund	16 579	E05-2-007	N/A	15,099
DARE Program Fund	16 579	E06-2-006	N/A	32,450
Project Safe Neighborhoods Peer Mediation Program	16 609	F03-8-002	N/A	14,323
Total Department of Justice				158,230
U. S. Department of Transportation				
Direct:				
Airport Improvement Program: Rehab Airfield Lighting	20 106	N/A	3-22-0033-021-2003	148,261
Federal Transit Authority Program:				
Capital (Buses)	20 507	N/A	LA-03-0095-00	879,668
Capital, Operating and Planning	20 507	N/A	LA-90-X238-00	4,728
Capital and Operating	20 507	N/A	LA-90-X263-00	17,358
Capital, Planning and Operating	20 507	N/A	LA-90-X275-00	32,402
Capital and Operating	20 507	N/A	LA-90-X285-00	800,000
Capital (Buses)	20 507	N/A	LA-03-0114-00	63,004
Capital, Operating and Planning	20 507	N/A	LA-90-X248-00	21,833
Pass-Through Programs:				
State and Community Highway Safety	20 600	PT 05-31-00	N/A	4,844
State and Community Highway Safety	20 600	PT 06-15-00	N/A	16,123
Total Department of Transportation				1,988,271
Environmental Protection Agency				
Direct:				
State and Tribal Assistance Grant (STAG)	66 817	N/A	XP-986924-01	86,357
Brownfields Assessment Pilot Program	66 811	N/A	BP-986879-D1	14,046
Pass-Through Programs:				
Capitalization Grants for Clean Water State Revolving Funds	66 458	N/A	N/A	766,135
Capitalization Grants for Clean Water State Revolving Funds	66 458	N/A	N/A	663,749
Capitalization Grants for Clean Water State Revolving Funds	66 458	N/A	N/A	99,289
Total Environmental Protection Agency				1,629,576
U. S. Department of Homeland Security				
Pass-Through Programs:				
Public Assistance Grants (Hurricane Katrina & Rita)	97 036	FEMA 1603 DR-LA	N/A	730,787
State Homeland Security Program - 2003	97 073	2003-TE-TX-0163	N/A	168,154
State Homeland Security Program - 2004	97 073	2004-GE-T4-0004	N/A	152,790
Hazard Mitigation Plan	97 039	1435-073-0001	N/A	39,000
Law Enforcement Terrorism Prevention Program	97 074	X-04-2-013	N/A	42,885
Law Enforcement Terrorism Prevention Program	97 074	X-05-03-009	N/A	78,924
Total U. S. Department of Homeland Security				1,212,540
Total Federal Expenditures				\$ 6,438,064

See Notes to Schedule of Expenditures of Federal Awards

**CITY OF MONROE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2006**

Note 1 - General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance of the City of Monroe (the City) for the year ended April 30, 2006. All federal financial assistance received directly from federal agencies is included on the schedule, as well as federal financial assistance passed-through other government agencies.

Note 2 - Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting, which is described in Note 1 to the City's primary government financial statements.

Note 3 - Loans Outstanding

The City has loans outstanding under Federal loan or loan guarantee award programs of \$653,67 at April 30, 2006.

Note 4 - Relationship of the Schedule of Expenditures of Federal Awards to the Primary Government Financial Statements

The following reconciliation is provided to help the reader of the City's financial statements and supplementary information relate such information to the Schedule of Expenditures of Federal Awards for the year ended April 30, 2006:

	Federal Awards	Nonoperating Revenues - Operating Grants	Other Financing Sources	Total
Revenues				
General Fund	\$ 396,956	\$ -	\$ -	\$ 396,956
Special Revenue Funds	2,438,068	-	-	2,438,068
Capital Projects Funds	234,616	-	1,529,173	1,763,789
Enterprise Funds	-	1,818,994	-	1,818,994
Total per Financial Statements	3,069,640	1,818,994	1,529,173	6,417,807
Plus Expense Reimbursements	12,257	-	-	12,257
Total per Schedule of Expenditures of Federal Awards	<u>\$ 3,081,897</u>	<u>\$ 1,818,994</u>	<u>\$ 1,529,173</u>	<u>\$ 6,430,064</u>

**CITY OF MONROE, LOUISIANA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED APRIL 30, 2006**

Note 5 - Funds Provided to Subrecipients

Of the Federal expenditures presented on this schedule, the City provided \$258,765 through the Community Development Block Grants, Home Investment Partnership Grants and the Emergency Shelter Grant Programs to subrecipients.

Note 6 - Noncash Activity

The City received equipment and supplies valued at \$320,944, through the Ouachita Parish Office of Homeland Security and Emergency Preparedness Agency. These items were disbursed to the Monroe Police Department (\$105,838) and the Monroe Fire Department (\$215,106) for their use in handling emergency situations.

**CITY OF MONROE
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2006**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: disclaimer on fiduciary funds of aggregate discretely presented component units; unqualified on all other opinion units.

Internal control over financial reporting:

- Material weaknesses identified? Yes No

- Reportable conditions identified that
 are not considered to be material
 weaknesses? Yes No

Noncompliance material to financial
statements noted? Yes No

Federal Awards

- Material weaknesses identified? Yes No

- Reportable conditions identified that
 are not considered to be material
 weaknesses? Yes No

Type of auditors' report on compliance
for major programs: Unqualified

Any audit findings disclosed that are
required to be reported in accordance
with Section 501(a) of Circular A-133? Yes No

**CITY OF MONROE
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2006**

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14 218	Community Development Block Grant
66 458	Capitalization Grants for Clean Water State Revolving Funds
97 036	Public Assistance Grant
97 073	State Homeland Security Program

Dollar threshold used to distinguish between Type A and Type B programs was \$300,000

Auditee qualified as low-risk auditee? Yes No

Section II. Findings related to the financial statements that are required to be reported under *Government Auditing Standards*:

06-01 Capital Asset Accounting

Finding:

Improvements have been made over prior years in the area of capital asset record keeping. However, the City's capital asset data file, while it may be complete, still has to be manually adjusted due to the original entry of data being incorrect. This causes unnecessary work for the accounting department during preparation for the audit and has caused delays in the final completion of the audit.

Also, we have determined that there is still some improvement needed in the area of reporting. The City does not produce a comprehensive capital asset report; that is, one that has all necessary information by asset. A complete report should include date of acquisition, cost, method of depreciation and useful life, prior year's accumulated depreciation, current year's depreciation accumulated depreciation at year end. The lack of complete reporting of the City's capital assets causes delays in the completion of the audit work and the preparation of the financial statements.

Recommendation:

We recommend the data files should be corrected in the capital asset software system so that manual corrections are not necessary. Also, the City should work with its

**CITY OF MONROE
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2006**

software vendor to obtain training or software updates that will facilitate capital asset reporting.

Management's Corrective Action Plan:

The City will seek solutions from its software vendor on "cleaning up" the data that is entered incorrectly or make the necessary corrections ourselves. Also, the accounting department will begin producing a comprehensive capital asset report that includes all the required information.

06-02 Thefts at Various City Locations

Finding:

During the course of our audit, several instances of employee theft at various city locations were disclosed to us. The incidents included the theft of cash and failure to collect fees at various recreation centers, the theft of cash at Selman Field Golf Course, the theft of surplus materials from the Water Department and the theft of cleaning supplies at Monroe City Hall.

A. We received memos from the Assistant Director of the Parks and Recreation Division outlining the alleged theft of funds by the Center Supervisor of the Harvey H. Benoit Recreation Center. Per the related police report, the supervisor admitted to stealing city funds. He was terminated from his position on April 11, 2006.

A further investigation into other recreation centers was then performed by the City's Internal auditor. In a memo dated July 12, 2006, she outlines discrepancies between event logs and deposit records at several of the other recreation centers.

In her memo, the internal auditor recommends that a retention schedule and deposit records be established and maintained by the responsible Center Supervisors, that all money be deposited and refunds handled according to policy, and that all specific findings be reported and investigated by the proper authorities.

**CITY OF MONROE
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2006**

Recommendation:

We recommend that the recommendations made by the internal auditor concerning retention schedules and deposit records be established and maintained by the various responsible Recreation Center supervisors and that all money be deposited and refunds for clean up deposits or cancelled events should be processed through the Accounting Department as specified in the Recreation Department's established policies.

Department heads, division heads, supervisors and other employees should be instructed as to their responsibilities as City employees to safeguard City property and assets and of the consequences they could face if they are discovered having misappropriated any assets of the City.

Management's Corrective Action Plan:

The New Parks and Recreation Director is working on a plan to handle all recreational center room rentals, cancellation and money handled by one person. The record retention policy will be shared with each center supervisor and they will be required to sign a statement that they received and understand the policy. Each Parks and Recreation division employee will receive a memo outlining the City of Monroe's asset handling policy. The Parks and Recreation management employees attended an ethics seminar hosted by the Human Resources Department.

B. The Director of Golf for the City of Monroe had suspected that a pro shop attendant, was stealing money from the cash register at the golf course pro shop. The Monroe Police Department was contacted and subsequently set up hidden cameras in the pro shop. The attendant was observed on camera taking money from customers but not recording a sale on the register. On August 15, 2006, she was fired from her position at the golf course and charges were filed against her.

Recommendation:

We recommended that signs be placed at all cash registers asking patrons to notify supervisory personnel if they do not receive a receipt. Department heads, division heads, supervisors and other employees should be instructed as to their responsibilities as City employees to safeguard City property and assets and of the consequences they could

**CITY OF MONROE
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2006**

face if they are discovered having misappropriated any assets of the City.

Management's Corrective Action Plan:

A sign was placed at both Selman Field and Chennault Golf Courses cash register asking patrons to notify management if they do not receive a receipt. Cash-handling employees will be rotated each month. The Director of Golf will keep conducting unexpected cash register audits. Each employee will receive a memo outlining the City of Monroe's asset handling policy. The management employees attended an ethics seminar hosted by the Human Resources Department.

C. The City's Water Distribution Superintendent was informed by the Enforcement Control Division Head, that a local scrap metal vendor had purchased used water meters. The superintendent contacted the vendor and learned that approximately two dozen water meters and other scrap metal had been sold to him by a city employee. The superintendent then asked the vendor to cross reference their purchase records with a list of department employees. The search indicated that four other employees had sold brass and copper, such as that used by the Water Department, to the vendor in the past year.

The Monroe Police Department was notified of the potential theft. On August 18, 2006, one was arrested and booked into OCC for the theft of city property. He was then fired from his job with the city. The Public Works Director, Personnel Director, and Director of Administration were all informed of the situation regarding the employees involved. At this time, the investigation by Monroe Police Department is still ongoing. While it has not been proven that the copper and brass sold by the employees was indeed city property, it has been discovered that three of the four other employees conducted their business during working hours when they were supposed to be conducting city business.

It is not possible at this time to assign a dollar value to the amount of property stolen from the city. Even though Water Department employees have been instructed to return unused and replaced meters at the end of every workday, there appears to be no control procedure in place to monitor this activity.

**CITY OF MONROE
MONROE, LOUISIANA**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2006**

Recommendation:

To ensure the security of the City's inventory of supplies and parts, procedures should be established to account for all inventory leaving the Water Department's warehouse and for the return of unused parts at the end of the workday. In addition, all meters and other supplies replaced as a result of the day to day activities of the department should be accounted for. A secure location should be provided for the storage of these materials until such time as they are properly disposed of by the department. Department heads, division heads, supervisors and other employees should be instructed as to their responsibilities as City employees to safeguard City property and assets and of the consequences they could face if they are discovered having misappropriated any assets of the City.

Management's Corrective Action Plan:

Employees committing the above infractions have been fired and where applicable charges filed. Public works employees will receive training on the inventory management program included with the City's accounting software. Employees will be informed in writing of the Mayor's policy of zero-tolerance for employee theft.

D. The Monroe Police Department was informed by an inmate trustee that cleaning supplies located at the City hall had been loaded into the city vehicle operated by the City Hall custodian and transported to non-city locations. A further investigation was performed by Monroe Police Department leading to the custodian's arrest on September 1, 2006. The custodian has since been terminated from his position. The investigation is ongoing.

Recommendation:

We recommend that the use of supplies and other disposable assets be monitored by supervisory personnel and that a log be maintained of the receipt and use of all such supplies by the custodial staff. Department heads, division heads, supervisors and other employees should be instructed as to their responsibilities as City employees to safeguard City property and assets and of the consequences they could face if they are discovered having misappropriated any assets of the City.

CITY OF MONROE
MONROE, LOUISIANA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED APRIL 30, 2006

Management's Corrective Action Plan:

Management monitors the expenditure accounts for janitorial supplies and other disposable assets. Also, the acquisitions of supplies from the central warehouse are reviewed on a monthly basis and compared to prior months' usages for extreme variances.

Section III: There are no findings or questioned costs for Federal Awards, including those specified by OMB Circular A-133.

**CITY OF MONROE
MONROE, LOUISIANA**

SUMMARY OF STATUS OF PRIOR YEAR FINDINGS

The following is a summary of the status of the prior year findings included in the Luffey, Huffman, & Monroe, CPA's audit report and management letter dated October 29, 2005, covering the examination of the primary government financial statements of the City of Monroe (the City) as of and for the year ended April 30, 2005.

05-01 Capital Asset Accounting

Finding:

During the test of capital assets for prior year, the auditors noted that capital asset records were not completed and up to date as of year end. This was a result of coding errors and posting errors. Also, the property control director was new to the position.

Status:

Property Control personnel and Accounting are working closely together to make sure the capital assets records are complete and up to date at year end. Capital assets are being closely monitored throughout the year and added in a timely manner.

05-02 I-20 Economic Development Corporation

Finding:

The Economic Development Corporation was created by the City of Monroe pursuant to the provisions of Chapter 27 of Title 33 and Chapter 2 of Title 12 of the Louisiana Revised Statutes. Newspaper publishing stated that some of the meetings given by the Corporation may not have been open to the public. Louisiana Revised Statute 33:9024 states that any economic development corporation which obtain funds from state or any agency or subdivision in the amount of ten thousand dollars or more shall hold any and all meetings open to the public; according to the open meeting law, R.S. 42:4.1 et seq.

The City Council and Administration should be kept informed of the activities of the corporation and the Director of Administration should take a more active role in the fiscal affairs of the I-20 Economic Development District.

Status:

The meetings are now being held pursuant to the provisions of LA R.S. 42:4.1.

Management's corrective action plan has been implemented and maintained. The Director of Administration is attending meetings given by the corporation regularly and staying conversant on the fiscal affairs of the corporation.

**CITY OF MONROE
MONROE, LOUISIANA**

SUMMARY OF STATUS OF PRIOR YEAR FINDINGS

05-03 Sales Tax Distribution

Finding:

In 1968, the voters of the City of Monroe and Ouachita Parish approved a one-half cent sales tax to be used to supplement the revenues available to the school boards for salaries of school board personnel. The stipulation of the tax, were that the net proceeds are to be prorated between the two boards based on the average daily membership numbers for the school year. Neither City School board nor Parish provided the city with pertinent average daily membership numbers. As a result of this, incorrect allocation was being made and the Monroe City School Board was overpaid and Ouachita Parish was underpaid.

Status:

The two school superintendents met on October 28, 2005 and certified the average daily membership for the two school systems in accordance with the joint resolution adopted in 1994 by the two school systems and the City of Monroe. They agreed to meet each October and certify the average daily membership and give the new certification to the City of Monroe Department of Tax and Revenue whereby the distributions can be adjusted to the new certification.

05-04 Grant Activities (Schedule of Expenditures of Federal Awards)

Finding:

Grant activities were not accurately reported and required multiple adjustments. Other related issues were CFDA numbers not being provided for all of the awards and grant expenditures not being separated among similar grants. Reasons for these problems were, during the year 2004 - 2005 grants were being handled by several different accountants.

Status:

One accountant has been assigned 100% to CDBG grant accounting and the remaining grants under the responsibility of one accountant who communicates and coordinates with all departments concerning grants. Changes have been made in procedures for recording revenues and program income. CDBG and related funds are reconciled throughout the year. The grant writer keeps accounting informed of new grants, statuses, etc.

CITY OF MONROE
MONROE, LOUISIANA

SUMMARY OF STATUS OF PRIOR YEAR FINDINGS

Management Letter Findings:

1. Theft of Concession Money at the Civic Center

Finding:

There was a theft of \$1,500 from the Civic Center concession money due to a failure to comply with established procedures and internal controls.

Status:

Control procedures have been complied with and there have been no further thefts at the Civic Center.

2. Failure to budget four Special Revenue funds

Finding:

The City did not budget four Special Revenue funds which were newly established during fiscal year 2005.

Status:

Required budgets have been adopted for all Special Revenue funds.



(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

Luffey
Huffman
& Monroe

Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

**Report on Compliance with Requirements Applicable
to the Passenger Facility Charge Program and on
Internal Control Over Compliance**

**City of Monroe
Monroe, Louisiana**

Compliance

We have audited the compliance of the City of Monroe (the City) with the compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (Guide), for its passenger facility charge program for the year ended April 30, 2006. Compliance with the requirement of laws and regulations applicable to its passenger facility charge program is the responsibility of the City's management. Our responsibility is to express an opinion on the City's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the City's compliance with those requirements.

In our opinion, the City complied, in all material respects, with the requirements referred to above that are applicable to its passenger facility charge program for the year ended April 30, 2006.

Internal Control Over Compliance

The management of the City is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws and regulations applicable to the passenger facility charge program. In planning and performing our audit, we considered the City's internal control over compliance with requirements that

**City of Monroe
Monroe, Louisiana**

could have a direct and material effect on the passenger facility charge program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control compliance in accordance with the Guide.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable laws and regulations that would be material in relation to the passenger facility charge program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the City's management, and the Federal Aviation Administration and is not intended to be and should not be used by anyone other than these specified parties. However, under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

A handwritten signature in cursive script, appearing to read "Ruffin Haffner".

**Monroe, Louisiana
October 27, 2006**

City of Monroe
PFC Revenue and Disbursement Schedule
Monroe Regional Airport
For the Year Ended April 30, 2006

Revenue	FY-05 Program Total	Quarter 1			Quarter 2			Quarter 3			Quarter 4			FY-06 Total	FY-06 Program Total
		May-July	Aug-Oct	Nov-Jan	Feb-Apr	May-July	Aug-Oct	Nov-Jan	Feb-Apr	May-July	Aug-Oct	Nov-Jan	Feb-Apr		
Collections	\$ 869,630	\$ 123,697	\$ 120,142	\$ 115,276	\$ 95,865	\$ 454,980	\$ 1,324,610							\$ 454,980	\$ 1,324,610
Interest	2,434	549	706	859	975	3,089	5,523							3,089	5,523
Total Revenue	872,064	124,246	120,848	116,135	96,840	458,069	1,330,133							458,069	1,330,133
Disbursements															
Application 03-01-C-00-MLU	544,285	1,800	6,345	4,342	-	12,487	556,772							12,487	556,772
Application 06-02-C-00-MLU	-	-	-	-	-	-	-							-	-
Total Disbursements	544,285	1,800	6,345	4,342	-	12,487	556,772							12,487	556,772
Net PFC Revenue	327,779	122,446	114,503	111,793	96,840	445,582	773,361							445,582	773,361
PFC Account Balance (cash basis)	\$ 327,779	\$ 450,225	\$ 564,728	\$ 676,521	\$ 773,361	\$ 773,361	\$ 773,361							\$ 773,361	\$ 773,361



(A Professional Accounting Corporation)
CERTIFIED PUBLIC ACCOUNTANTS

Luffey
Huffman
& Monroe

Francis I. Huffman, CPA
L. Fred Monroe, CPA
Esther Atteberry, CPA

John L. Luffey, MBA, CPA (1963-2002)

MANAGEMENT LETTER

To the Honorable City Council
City of Monroe
Monroe, Louisiana

In planning and performing our audit of the financial statements of the City of Monroe (the City) for the year ended April 30, 2006, we considered its internal control structure in order to determine our auditing procedures for purposes of expressing our opinion on the financial statements and not to provide assurance on the internal control structure or overall compliance with laws and regulations.

However, during our audit we became aware of certain matters that are opportunities for strengthening internal controls and the overall environment for compliance with laws and regulations. This letter will summarize our comments and suggestions regarding those matters. This letter does not affect our report dated October 27, 2006 on the financial statements of the City.

Finding:

In performing our test of compliance relating to LRS 39:1301 et. Seq. (commonly cited as the Local Governmental Budget Act), we noted that actual expenditures and other uses of the Capital Infrastructure Special Revenue Fund exceeded the budgeted amounts by \$1,011,031 or 8.3% which exceeds the 5% allowed by the Local Governmental Budget Act. The Local Governmental Budget Act requires the budget to be amended if expenditures and other uses are in excess of the budget by more than 5%.

Recommendation:

We recommend that when actual plus anticipated expenditures and other sources exceed budgeted amounts that the budget be amended prior to year end.

Management's Corrective Action Plan:

The budget officer will monitor expenditures in this and other funds more closely and make necessary budget amendments for anticipated expenditures that might cause the variance to exceed the allowed 5%.

(A Professional Accounting Corporation)

October 27, 2006

(318) 387-2672 • FAX (318) 322-8866 • www.lhm-cpas.com
1100 N 18th ST • PO Box 4745 • Monroe LA 71211-4745
MEMBERS OF THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS